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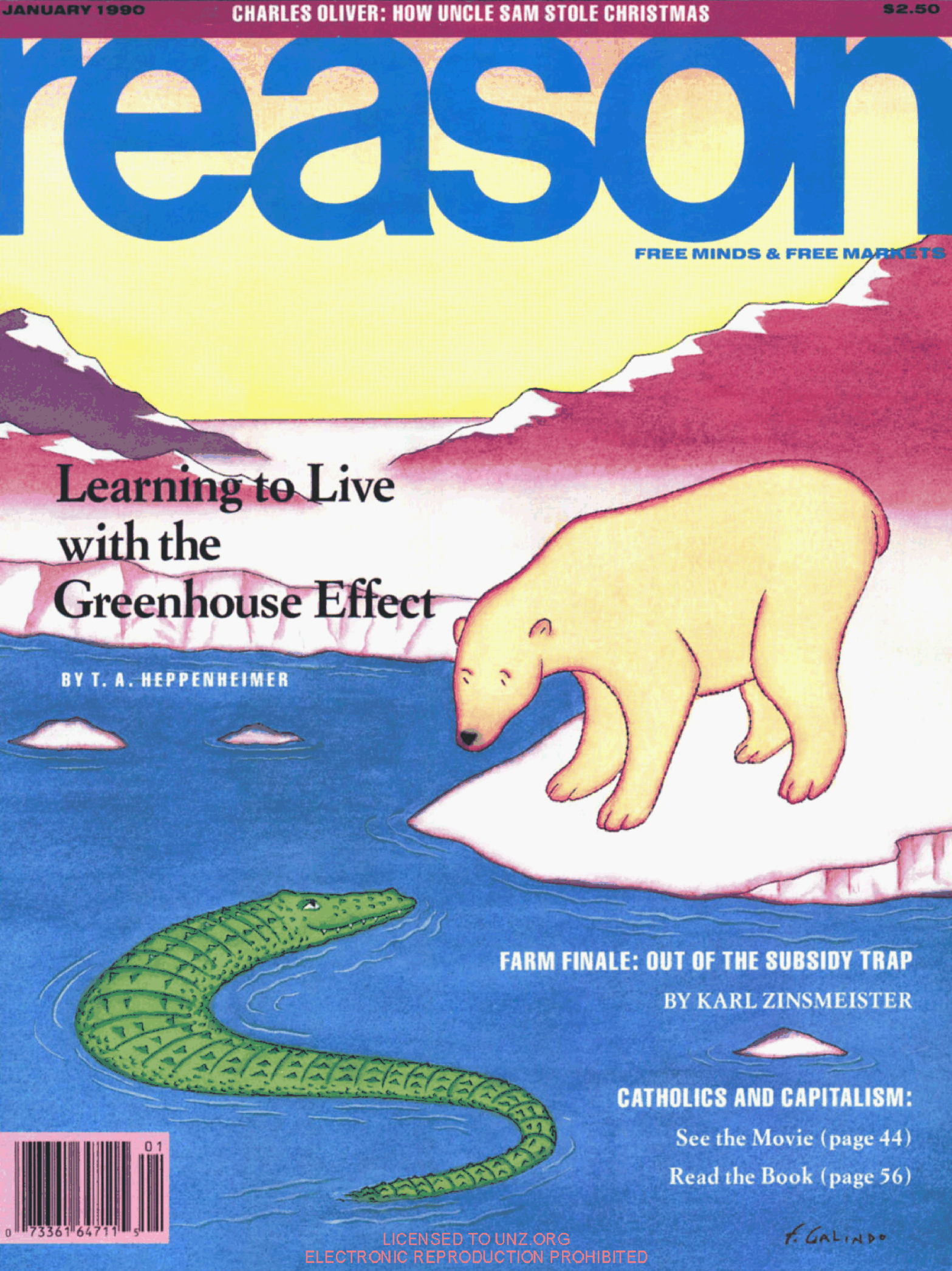

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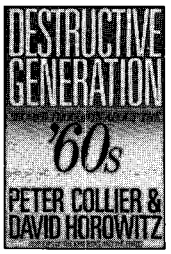

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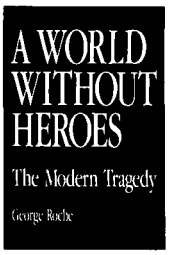

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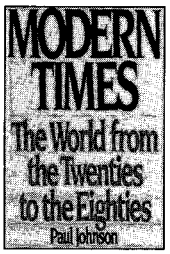

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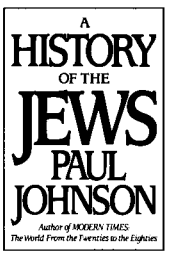

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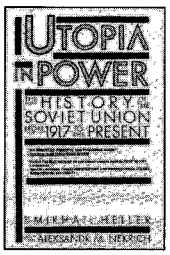

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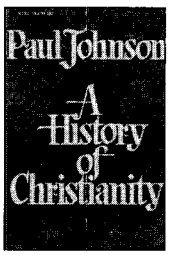

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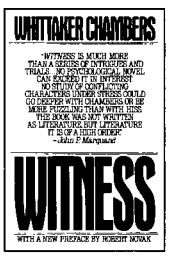

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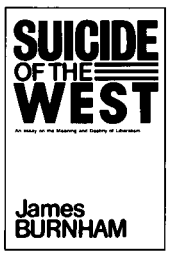

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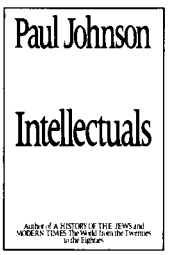

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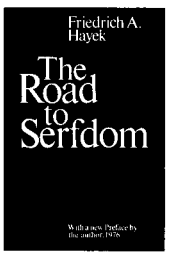

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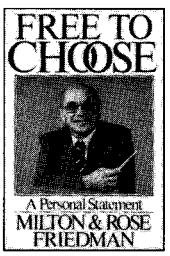

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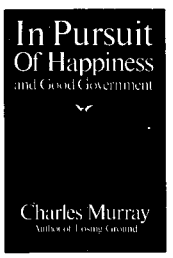

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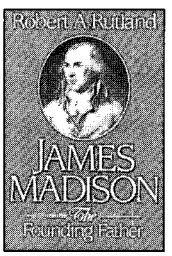

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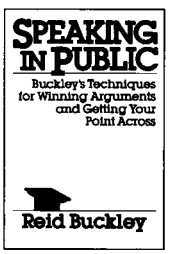

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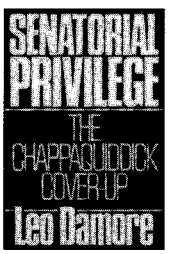

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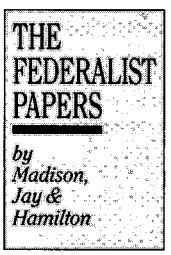

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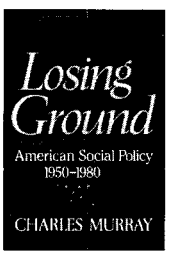

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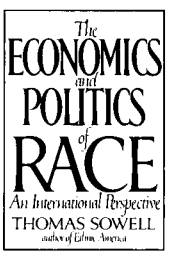

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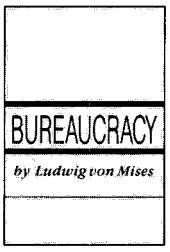

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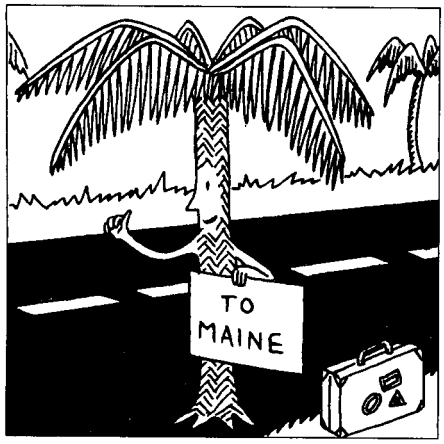

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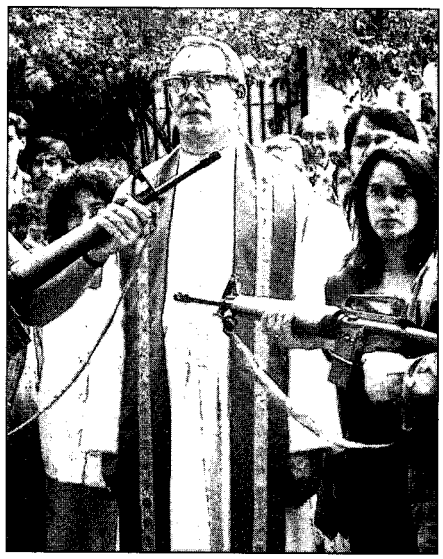

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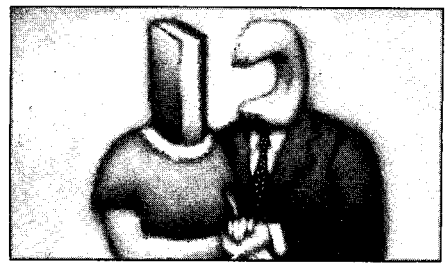

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GORBOMANIA: THE SEQUEL

VIRGINIA I. POSTREL

George Bush and Mikhail Gorbachev are having a state dinner, perhaps at their first official summit. Ceremonial toasts are offered. Gorby raises a glass to prosperity and world peace. It's George's turn. Remembering an old line from his vice presidential days, he stands and proposes his toast. "We love your adherence to democratic principles," he tells the Soviet leader. After all, it worked with Marcos...

Well, it probably wouldn't happen exactly that way. But it could. In George Bush's Washington, there's a disturbing tendency to confuse Soviet reform with democracy, reformers with democrats. (The same was true for China not too long ago.) Rooting for Gorbachev is even more popular than denouncing drugs or deficits. No praise is too extravagant—and no criticism is allowed.

This is an unfortunate, and potentially dangerous, attitude. Gorbachev's reforms have certainly released powerful forces for freedom and independence throughout Eastern Europe. But in our euphoria at the sight of Berliners freely climbing back and forth over the Wall, in our excitement at elections in Hungary and Poland, in our joy at the possibility that not only the Cold War but the tyranny at its root may at last be coming to an end, it is important that we consider just what we'd like to see happen in Eastern Europe—and to remember whose side we're on.

As Bush gets acquainted with Gorbachev, it would be nice to think that the president understands that American interests do not inevitably and always lie with the status quo. But his near-unequivocal support for Chinese officials against their people does not inspire confidence that he will challenge, even privately and politely, anything Gorbachev does to consolidate power.

Consider the administration's response to Gorbachev's recent campaign against the press. Attorney General Dick Thornburgh was visiting the Soviet Union when Gorbachev fired the conservative editor of *Pravda* and pressured the liberal editor of *Argumenti i Fakty* to quit. (The guy had had the audacity to publish a survey ranking Andrei Sakharov the most popular member of Parliament—and omitting Gorby from the top 10.)

Thornburgh, no doubt expressing his own annoyance with free press, said that the administration "could sympathize with" Gorbachev's frustration "with regard to some of the reporting on restructuring." It's bad enough to send the nation's top lawman on a junket to consult with the KGB and various other organs of state security. But if he can't uphold American values, couldn't he at least keep his mouth shut?

Our policy toward the Soviet Union, both in rhetoric and action, ought to flow from a few basic goals, facts, and values. First of all, we must keep in mind that it is Gorbachev's reforms, not Gorbachev himself, that merit support. Our interests, strategic and moral, lie not with the Soviet leadership but with those who want to be independent of that leadership.

Nor are the reforms irreversible. True, Soviet Marxism has lost its luster as a credo. But, unlike the citizens of Mao's China, East Bloc residents have been cynics for decades. That communism doesn't work is no big surprise to them.

And if the ideology doesn't work, the tanks still do—and they are still in place in large numbers. Soviet officers still control the military forces of the Warsaw Pact, stationed throughout even the liberalizing countries. Leaving the Warsaw Pact is not an option; neither is letting, say, Poles control the Pact forces in their country.

That East Germany has suddenly liberalized is wonderful. That it happened after Gorbachev had a little chat with Egon Krenz should make it clear who still runs Eastern Europe. Krenz "was deeply impressed," said a Soviet "journalist" about the meeting. I'll bet he was.

All of which leads to a concrete, though probably long-term goal: splitting the nations of Eastern and Central Europe (including the Baltic states) from the Soviet empire to form a neutral community at the heart of Europe. At present, Soviet policy is that Warsaw Pact nations can do what they want internally as long as they don't try to leave the Pact. And as long as they don't—and can't—leave the Pact, "what they want" will pretty much be determined in Moscow.

Neutral countries, while they couldn't go around deliberately antagonizing the Soviets, would be far freer to determine their own internal destinies. A neutral band around the Soviet Union would also significantly reduce the likelihood of Soviet expansionism and, as a result, of war between the superpowers.

Of course, the peoples of Central and Eastern Europe can't just up and declare themselves neutral. Neutrality will come about only if the United States and the Soviet Union can agree to guarantee it, as they guarantee the neutrality of Austria. And the status of Germany—East, West, or reunified—will remain problematic for some time.

Right now, however, U.S. policymakers can take steps toward these longer-term goals. On the rhetorical front, administration officials should make it clear that the United States believes that the

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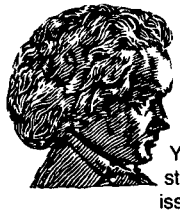

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nations of Europe, including Central and Eastern Europe, ought to be free and independent states. Instead of constantly reiterating how the United States believes in freedom but abhors violence and supports order, George Bush, Jim Baker, and pals ought to unequivocally endorse democracy. Violence is not, of course, desirable; but it is far less likely to come from those working toward liberty than from those who would suppress them (and who, after all, have the guns, tanks, and soldiers).

Second, we should support freedom and democracy while remembering that independence is not freedom, any more than elections are democracy. As countless Third World dictatorships have proved, throwing off a colonial yoke without establishing protections for individuals hardly amounts to freedom. And electing officials who exercise near-absolute power over political and economic life merely creates a milder form of dictatorship.

The United States should make sure it weighs in *for* freedom, not merely *against* communism—or against only pre-Gorbachev communism. (As Gorbachev's skillful manipulation of Russian nationalists, such as the fascistic Pamyat, demonstrates, groups that do not respect individual liberties are natural allies not for pro-freedom change but for existing tyrannies.)

The United States's own security would certainly be boosted by a smaller Soviet Union surrounded by neutral states. So it would not be out of place for the U.S. government, as well as for private groups, to provide financial assistance and advice on institution-building to those groups that are working to free their countries. We should not, however, try to prop up socialist economies by pumping money into the planners' projects, even those projects deemed "reformist." Subsidizing socialism will only postpone true reform.

These are exhilarating times. History seems to be moving in the direction of liberty. But there are no historical inevitabilities. If we abandon our principles, fail to set firm goals, or place excessive faith in the goodwill and permanence of Mikhail Gorbachev, we cannot hope to see freedom prevail. ■

DISASTROUS RELIEF

JACOB SULLUM

There's nothing like a good disaster to bring glee to the heart of a statist. Just as there are no atheists in foxholes, there are no skeptics of big government in the wake of an earthquake or hurricane. They all fall to their knees before the Federal Emergency Management Agency and shout, "I believe!"

Then again, maybe not. Sorting through the rubble of Hurricane Hugo and the northern California earthquake, we find more evidence of effective private action than of government omnipotence. Too often, in fact, government stood in the way of rescue and recovery, frustrating private efforts and violating the rights of property owners.

The contrast between private and government action was nowhere more glaring than at the scene of the Nimitz Freeway collapse in Oakland. Immediately after the earthquake, passers-by and neighborhood residents spontaneously set to work, using forklifts and ladders to rescue at least 50 motorists within the first half hour. Firefighters and police did not arrive for 90 minutes, but once the authorities took charge, they cleared the area and set up barricades to keep out all those pesky intruders who had dared to save people's lives without permission.

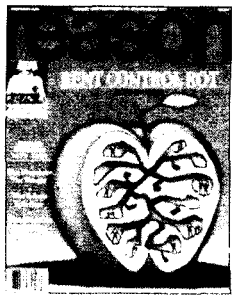
In San Francisco, the authorities prevented many people from entering their damaged homes and businesses after the earthquake. In some cases, residents were not even allowed to recover a few belongings before their homes were bulldozed. Too risky, officials said. They never considered allowing the people at risk to make that judgment for themselves.

Such official arrogance was also apparent following Hurricane Hugo. After the storm passed through the Charleston area, Mayor Carmen Bunch of the Isle of Palms declared martial law and barred residents from returning to the barrier island to secure their property. In the meantime, heavy rain poured through torn roofs, causing further damage to homes and possessions.

In Charleston, one of Mayor Joseph Riley's first responses to the devastation caused by the hurricane was to impose price controls. The move followed reports that storekeepers had jacked up prices for goods that were in great demand, selling blocks of ice for $100 or more and generators for thousands of dollars. As morally reprehensible as such gouging might be, the city did not do the people of Charleston a favor by outlawing it, thereby eliminating the incentive for outside suppliers to bring in equipment and provisions. Had the city allowed the market to work, competitors from nearby towns would have been attracted by the potential for profit, expanding the supply of sought-after goods and bringing prices down.

The resilience of the market was demonstrated by the performance of northern California's Safeway stores, which continued supplying essential goods following the earthquake. The chain arranged emergency shipments of water, canned food, batteries, and other necessities, while employees immediately began cleaning up the stores and repairing the damage. By 5 P.M. the next day, most of the 140 outlets affected by the quake were open. In addition to supplying its own stores, Safeway distributed food to private relief agencies.

By their nature, organizations such as the American Red Cross and the Salvation Army are far better equipped to respond quickly and effectively to a disaster than is a lumbering agency such as FEMA. After Hurricane Hugo, it took FEMA a week to set up an office; local charitable groups pitched in right away.



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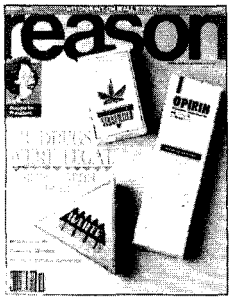

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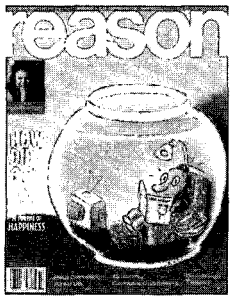

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Just minutes after the earthquake, the Salvation Army was providing food; the Red Cross opened shelters within four hours, while federal bureaucrats were still holding meetings and issuing directives.

Faster than officials could propose tax hikes, donations poured into relief organizations. The Red Cross alone had collected $46.5 million as of October 31. Those in California who clamored to raise taxes in response to the earthquake should recognize that, aside from the funds needed for road repair (which, like it or not, is a state project), the money would be better spent on private efforts. Concerned Californians could get more bang for their buck by giving to relief groups that do not have large bureaucracies to feed.

While government money will undoubtedly help victims of the earthquake and Hurricane Hugo, much of the spending will be counterproductive. Congress allocated about $4 billion for relief in the aftermath of the two disasters. Of this, $2.2 billion goes into a fund that will be spent at FEMA's discretion. The appropriation also includes $500 million for Small Business Administration disaster loans. A lot of this money will be used for grants and loans to uninsured residents and businesspeople. Such assistance may seem noble, but it undermines the incentive to prepare for future disasters. If you know that the federal government will restore your property, make your home or business whole again, why would you bother to buy insurance or reinforce your house?

Federal aid also raises the question of fairness: Is it right to demand that taxpayers in Butte and Des Moines help to bail out people who choose to live in areas that are vulnerable to earthquakes and hurricanes (especially, say, the well-to-do people south of Broad Street in Charleston)? Take federal flood insurance, which is subsidized by taxpayers to the tune of 25 cents for every dollar in claims. Either this business is inherently unprofitable—unlikely, since the private sector took care of flood insurance until the late '60s—or it simply cannot make money while offering low rates to everyone. In any case, federal flood insurance amounts to an inexplicable income-transfer program.

By disrupting the insurance market, the government tampers with one of the most effective means for dealing with disasters. In northern California, private insurers plan to pay close to $1 billion in claims. Just as important is the influence insurance companies can have before disaster strikes, by insisting on safe construction. Had the Nimitz freeway been privately built, you can be sure its insurer would have scrutinized its soundness more closely than the state of California did. Furthermore, in a free market, the cost and availability of insurance discourages people from living in dangerous buildings and locales.

When government competes with private insurers—by controlling a segment of the market or, through relief aid, offering insurance for free—it weakens or destroys these healthy incentives. In their stead, it offers building codes and construction restrictions. South Carolina's Beachfront Management Act, for example, will prevent many oceanside property owners from rebuilding homes and businesses destroyed by the hurricane. These people, along with all the others who have been slapped by government's helping hand, will be forgiven if they do not feel relieved.

IN MEMORIAM: BURTON C. GRAY

This magazine lost a very dear friend in October with the untimely death of Burton Gray, at the age of 48.

Burton was a longtime supporter of the Reason Foundation and for the past six years served as one of its trustees. In many ways, he was an ideal trustee. He possessed a deep interest in and understanding of the philosophy of liberty. But he also had extensive business and financial experience and years of experience on nonprofit boards. So he was able to offer advice and counsel on every aspect of the foundation's operations, as well as faithful financial support.

If anyone met the definition of a Renaissance man, it was Burton. A Yale graduate (class of '62), he did graduate work in economics at the University of Chicago. But he was eternally fascinated by mathematics and philosophy, financial markets and technology.

He was a founder and chief financial officer of Scientific Time Sharing, one of the first computer time-sharing firms. He was the first person I knew to travel with a transportable PC—and the first to have software to do fractal geometry.

His reading was voracious and wide-ranging. Among his favorites were *Gödel, Escher, Bach;* the science fiction of Robert A. Heinlein; and the works of economist F.A. Hayek and political philosopher Michael Oakeshott.

One of Burton's proudest achievements was serving on the staff of the Gates Commission, which made the case for abolishing the draft. That was his only direct involvement with public policymaking, though he was in regular contact with many of those involved in this arena. His father, Gordon Gray, served as Truman's secretary of the army, and his brother Boyden is White House counsel.

As a lifelong advocate of liberty, Burton was excited by recent developments in Eastern Europe. He visited Poland last year, and he was deeply involved in the efforts of the Sabre Foundation (of which he was president) to arrange large-scale donations of books and farm equipment to people and organizations in Poland.

His family has suggested that memorial gifts may be made to the Reason Foundation or the Sabre Foundation. We are setting up a special Burton Gray memorial fund at the Reason Foundation to foster long-term programs, as he would have wanted.

He will be sorely missed.

—Robert W. Poole, Jr.

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—Nobel Laureate F. A. Hayek,
in a letter to IHS

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LETTERS

Sowing the Seeds of Truth

Karl Zinsmeister's article, "Plowing Under Subsidies" (Oct.), is exactly what is needed if our ridiculous farm program is to be corrected. The nonfarm populace must become educated through articles like his in journals like yours. The farm lobby will never discipline itself; the corrective needs to come from the outside.

Don Paarlberg
West Lafayette, IN

The writer is a former assistant secretary of agriculture. —Eds.

MR. ZINSMEISTER'S farm subsidy article in your October issue is the best one on the subject that I have read in a nonfarm publication. The government got involved in farming in 1905 with the Agricultural Extension Act and things have been bad for farmers ever since.

It is not the purpose of the farm program to fatten farmer returns but to maintain a plentiful supply of cheap food. The scam is to subsidize a few large farmers by paying them not to produce as long as there are surpluses and to flood the market when supply and demand are in balance. Admittedly, this is oversimplified, but large farm operations benefit more from government programs than small ones do.

Furthermore, subsidized farmers see little or no additional benefit when the government decides to increase farm payments. Instead, equipment, seed, and feed suppliers simply jack up their prices to offset the difference. The unsubsidized guy really gets screwed.

That "the federal government paid for the slaughter of a million cows to support milk prices for the benefit of dairy farmers" is only partly true. A good chunk of that money came from dairy farmers who paid producer assessments. The assessments I had to pay really hurt when I was financially strapped.

The Leo Zilik-Loy Sneary comparison contradicts the article's purpose. Mr. Sneary is subsidized, Mr. Zilik is not. I'm sure Zilik would dance his heart out if the government upped his gross income by 50 percent with subsidies. If subsidies were eliminated, Mr. Sneary would do very well in the paving business.

After reading Mr. Zinsmeister's four articles, I hope readers will conclude that *all* government agencies and programs dealing with farming should be eliminated.

Dan Burgner
Greeneville, TN

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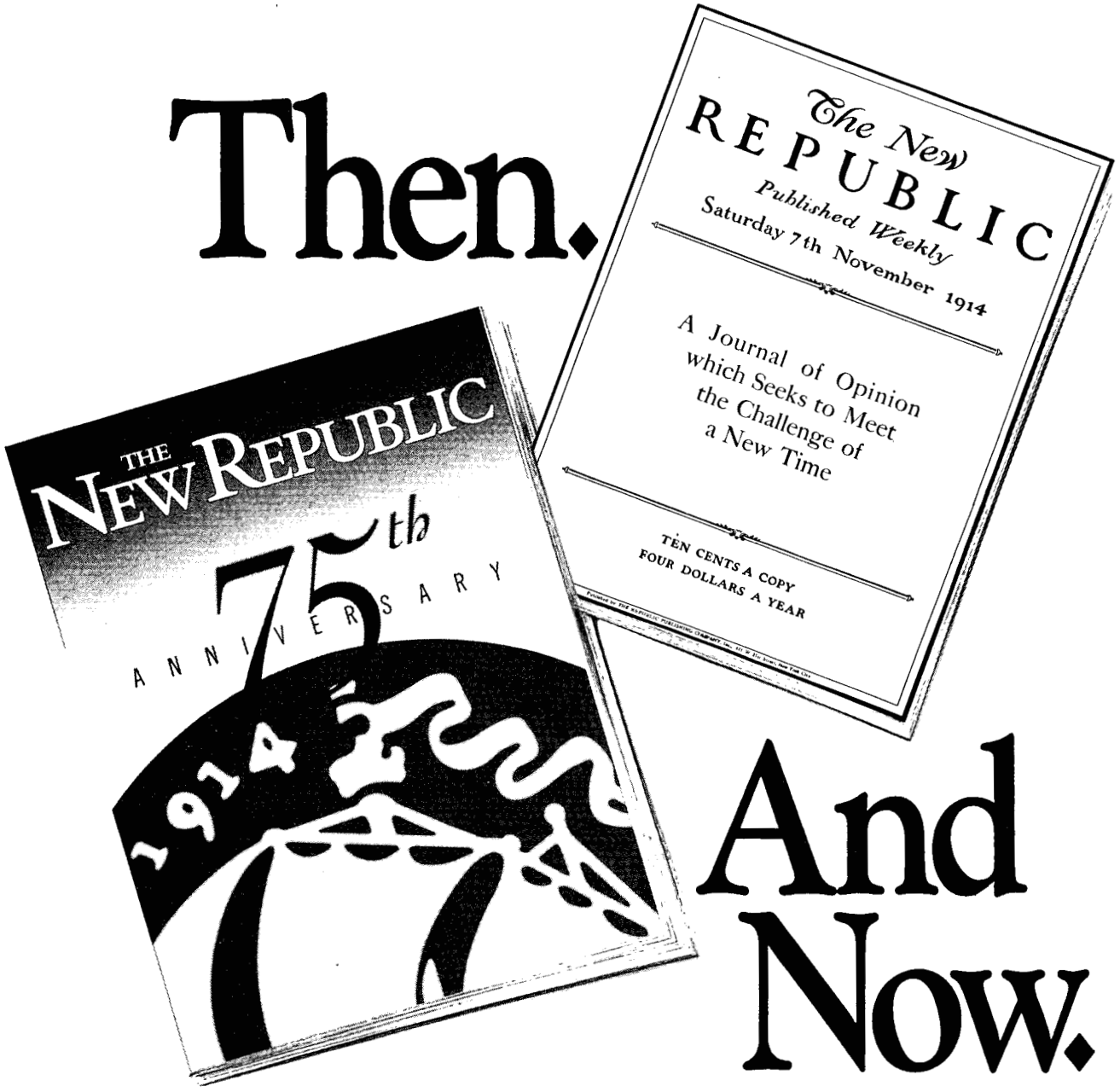
Black and White Comments

Virginia Postrel's editorial, "Black and White Issues" (Nov.), is one of the finest pieces of political analysis I have read since Ayn Rand was at her peak. Ms. Rand wrote masterful essays which were morally resolute and highly compelling in their tone of condemnation of those responsible for the general low state of American morals.

As Rand probably would have agreed, racist scum are pretty low on the political and evolutionary food chains, especially racists who ride around in limousines and sanctimoniously deny their outlook. At least Billy Bob Buzzardbreath is up front about it.

Michael Lee
Salt Lake City, UT

Then.



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THE NEW REPUBLIC

VIRGINIA POSTREL'S editorial on race relations offered not a penny of insight or new interpretation. Yet she criticized the failure of people like Pat Buchanan and George Will to comment on the Bensonhurst atrocity.

Perhaps the reason Buchanan, Will, and others did not jump on the bandwagon is not because they don't deplore the incident and others like it, but because they saw no need to recite the obvious clichés and join the ranks of those who, like Postrel, are compelled to add to the escalating rhetoric yet another testament of personal indignation.

Elizabeth Wright
Editor, Issues & Views
New York, NY

I AM DISAPPOINTED to find Virginia Postrel still continuing the adoration of blacks and wishing to give them special privilege over other races. She should have the experience to live or work with them so she can have a factual background for her emotional fantasies.

Such ignorance of reality is depressing to me, and I do not want my associates or children to be exposed to biased and one-sided propaganda. So do me the favor to cancel my subscription and refund my money.

Robert L. Gonderman, Ph.D.
Monrovia, CA

Think Privately, Act Locally

Don Boudreaux's review of my book *The Vermont Papers,* coauthored with Frank Bryan ("Elbow Room for Ordinary Folks," Nov.), was an able and fair-minded piece of work. We are proud to be described as writers who side with ordinary people against "the rampaging presumptions of their 'betters.' "

I'd like to emphasize that the book is even more libertarian than your reviewer conveyed. We were, in fact, blasted by *The Nation* because of our anachronistic dedication to private property ownership as a necessary ingredient for democracy. We also expressed strong libertarian loathing for compulsory service and gun control schemes.

We excoriate "confiscation of the fruits of enterprise through overburdensome taxation or expropriation." We urge "a sense of public approval and honor for the enterprising souls who create wealth, jobs, profits and philanthropy." We kick hell out of Vermont's land-use control process.

More scholarly readers will recognize in much of our work the influence of libertarian economists such as Wilhelm Roepke, Leopold Kohr, and Henry Calvert Simons. We do recognize that relying on local democracy can sometimes lead to tyranny, but it is a tyranny far more manageable and correctable than that of large centralized institution like state government, even in a small state like ours.

John McClaughry
Concord, VT

A More Hazardous Waste

As bad as RCRA is ("A Hazardous Waste," Nov.), New Jersey businesses must contend with the equally evil (if not more so) Environmental Cleanup Responsibility Act (ECRA).

Its purpose was to ensure that when a property was sold it would be "clean," despite a 200-year history of manufacturing in the state. Just about any transfer of ownership, including a minority partner's sale of stock, the death of an owner, even foreclosure on a contractually liened property, will trigger an ECRA review. Worse, you need not be the polluter to be named the "responsible party." You just have to own the land.

One company had the misfortune to purchase land the U.S. Army had used to make napalm during World War II. All sorts of hazardous wastes were buried on this property, but the current owner is liable for its cleanup. The state Department of Environmental Protection intends to sue the owner for more than $10 million because it has refused to pay some $3 million in fines.

Owners are being harassed and hounded by environmental zealots who don't comprehend the concept of individual responsibility. The state has responded merely by saying that companies affected by ECRA can sue the real polluters later on—if they can find them!

Advocating a clean environment is one thing. The willy-nilly persecution of innocent parties, however, is quite another. New Jersey, and the country as a whole, need major reforms of their environmental protection laws immediately.

Richard L. Duprey
Paramus, NJ

The writer is director of government relations for the Commerce and Industry Association of New Jersey. —Eds.

Not All It's Cracked Up to Be

I liked Charles Oliver's editorial about the War on Drugs ("An Unwinnable War," Nov.) until I read the third section. Mr. Oliver repeats two myths: that every puff of crack is life-threatening and that gangs of heavily armed teenagers rule the streets of many large cities.

If crack is dangerous, yet millions use it, why do fewer than 2,000 persons die of cocaine-related causes each year? Alcohol and cigarettes kill over 150 times that many addicts each year.

The second proposition, that all gangs fight each other for control of the market, is untrue. The gangs do not war against competitors but retaliate against informants and rip-off artists. Some gangs have only recently started dealing drugs and are territorial against their historical rivals (the Crips and the Bloods in Los Angeles are examples). But New York's Dominican gangs have plenty of teenage dealers and little violence over turf.

Ludwig Vogel
New York, NY

Correction: The title of Robert Kuttner's new liberal magazine was reported incorrectly in the October Magazines column. It is called *The American Prospect.* REASON regrets the error.

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Revolting Developments

George Bush should be gratified to see his campaign rhetoric taken so seriously. Using state ballot initiatives, taxpayers across the country are combining the fiscal conservatism of his "no new taxes" with the grassroots activism of his "thousand points of light."

- The Colorado Taxpayers Bill of Rights Committee is proposing a tax-limitation amendment to the state constitution.
- National Taxpayers United of Illinois is circulating a petition to require a 60-percent majority in each house of the legislature to raise taxes.
- In Massachusetts, Citizens for Limited Taxation is seeking to repeal the state income-tax increase enacted to cover Gov. Michael Dukakis's spending spree.
- An Oregon taxpayers' group is pushing a 50-percent rollback in property taxes.
- The Missouri Taxpayers Watchdog Association is trying to eliminate the windfall the state has been enjoying since 1986, when it followed the federal government in eliminating deductions but not in lowering income-tax rates.
- Taxpayers' groups in Utah are sponsoring an initiative to exempt food from the state sales tax.

A seventh tax-revolt measure has already been placed on the ballot in North Dakota. In response to a series of referendum petitions, the governor declared a special election for December 5, 1989, to consider repeal of state income-, sales-, and gas-tax increases enacted last spring.

David Keating, executive vice president of the National Taxpayers Union, says these measures represent one of the largest groups of tax initiatives in the past two decades. "I've found a renewed sense of activism at the state and local levels."

To capitalize on that enthusiasm, NTU decided to sponsor what it calls the nation's first conference of state and local taxpayers' groups on December 9-10 in St. Louis. The organizers of the seven state initiative drives were expected to attend, along with activists from throughout the country. In addition to organizing the conference, NTU is compiling a list of local and state taxpayers' groups in an attempt to assemble a nationwide network.

—Jacob Sullum

Above the Law

Over the last six decades, Congress has passed a host of laws regulating how Americans do business with one another. With allegedly noble goals, Congress has ordered companies to provide workers with 60 days' notice of mass layoffs and to notify communities if hazardous chemicals are being used. It has banned discrimination based on race, sex, religion, age, pregnancy, and physical handicaps. It has dictated standards for safe working conditions and prescribed minimum wages. And it has exempted itself from this entire lot of laws.

Laws from Which Congress Exempts Itself

Social Security Act of 1933*
(requires workers and employers to pay into the Social Security trust fund)

National Labor Relations Act of 1935
(gives workers the right to unionize)

Fair Labor Standards Act of 1938
(sets minimum wages and maximum working hours for certain sectors of the economy)

Minimum Wage Act of 1938
(mandates minimum wages for most workers)

Equal Pay Act of 1963
(forbids discrimination in salaries based upon race)

Civil Rights Act of 1964
(forbids discrimination based on race)

Freedom of Information Act of 1967
(opens up many government documents to the public)

Occupational Safety and Health Act of 1970
(mandates safe working conditions)

Equal Employment Opportunity Act of 1972
(forbids discrimination in hiring based upon race, color, sex, national origin, or religion)

Title IX of the Higher Education Act of 1972
(covers educational opportunities for women)

Privacy Act of 1974

Rehabilitation Act of 1973
(requires government buildings to be accessible to the handicapped)

Age Discrimination Act Amendments of 1975
(forbids discrimination based upon age)

Ethics in Government Act of 1978
(mandates certain standards of conduct for executive branch employees)

Civil Rights Restoration Act of 1988
(the "Grove City Law")

*Starting in 1983, new legislators and congressional employees were covered by Social Security, but incumbents maintained their exemption.

Source: The Imperial Congress, edited by Gordon S. Jones and John A. Marini

Austrian Economics

Center for the Study of Market Processes

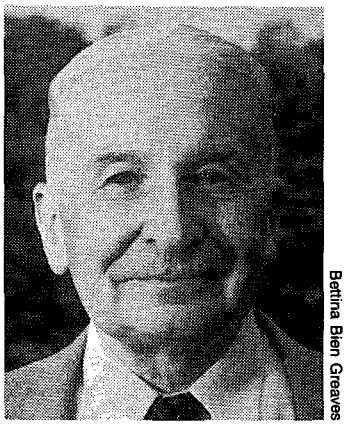
George Mason University

Friedrich Hayek

The University. Located in Fairfax, Virginia just 15 miles from Washington, D.C., George Mason University is well positioned to influence political, cultural, and academic affairs. The university's rapid growth and influence led *Time* magazine (April 28, 1986) to include George Mason as one of nine "fast-rising and ambitious institutions that are now challenging the nation's elite schools." The university attracts a variety of well-known visiting economists, including Kenneth Boulding and James C. Miller III.

The Economics Department. The Economics Department houses the Center for Study of Public Choice and the Center for the Study of Market Processes. With such renowned economists as Nobel Laureate James Buchanan, Robert Tollison, Richard Wagner, and Walter Williams, the department is among the best known and most highly rated in the world. Combining rigorous training in neoclassical economics with innovative ideas in theory and policy, the Economics Department trains economists for positions in academia, government, and business. As a measure of the department's successes, the Spring 1989 *Journal of Economic Education* ranked the George Mason economics department eighth nationally in articles published per faculty member.

Center for the Study of Market Processes. Besides its students, the Center consists of faculty members Don Boudreaux, Tyler Cowen, Jerome Ellig, Jack High, Don Lavoie, and Karen Vaughn. The Center emphasizes economics as a humane discipline with strong links to philosophy, history, political science, and law. Center faculty work on a variety of different topics, including the problem of rational economic calculation under socialism, the history of regulation, the evolution of financial institutions, the economics of antitrust and the theory of economic policy. Special attention is given to the Austrian school of economics; the department offers a one year graduate course and a specialized field of study in Austrian economics.



Bettina Bien Greaves

Ludwig von Mises

Center students. The graduate students at George Mason are among the best and brightest in the country. More importantly, they are dedicated to scholarship, hard work, and helping each other. The result is an intellectual excitement among students that is often lacking in graduate education.

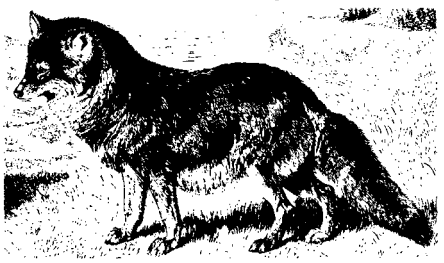
Various courses are taught by Center faculty, including micro- and macroeconomics, industrial organization, comparative economic systems, monetary theory, public finance, and the most extensive graduate and undergraduate offerings in Austrian economics found anywhere. In addition to classroom instruction, special seminars offer training in research, writing, and publishing skills. As a result Center students have published in the *American Economic Review*, *Journal of Political Economy*, *History of Political Economy*, *Wall Street Journal*, *Washington Post* and *Reason* magazine during their tenure at George Mason. Center students also write for influential policy organizations in Washington, D.C., and present research results at professional meetings.

For futher information: Contact Dr. Jerome Ellig, Center for the Study of Market Processes, Department of Economics. George Mason University, 4400 University Drive, Fairfax, Virginia 22030, 703-323-3483. For a graduate catalog, include a $5.00 check payable to George Mason University Bookstore.

Will the Wolf Survive?

When the Defenders of Wildlife began a campaign to reintroduce the wolf into Yellowstone National Park after 70 years, the group expected considerable controversy. Ranchers in Montana not only regard the wolf as a predator whose favorite food is cattle tartare but also have a distinct mistrust of environmentalists. "The only common ground ranchers and environmentalists have," says Hank Fischer, the Defenders' representative in the northern Rockies, "is the dirt they throw at each other."

But rather than fight it out in the courts or in federal regulatory agencies, the Defenders of Wildlife has set up an insurance program to pay cattle ranchers when wolves kill their cattle. Any rancher whose land is in designated areas of Idaho, Wyoming, and Montana where Defenders wants the wolf to be reintroduced, and who can prove that wolves killed his livestock, will be reimbursed by the Defenders of Wildlife for his losses. Defenders is also teaching ranchers techniques to reduce the threat wolves may cause, such as using guard dogs to protect cattle herds.



Wolves, Fischer explains, do not in fact kill very many cattle. In two years, Defenders has only had to pay compensation twice. Fischer expects that, over a 30-year period, the group will need $100,000 for its compensation program; so far, members have contributed $50,000 by buying posters and notecards. Singer James Taylor has also performed two benefit concerts for the wolf insurance fund.

Ironically, Fischer hopes to find a government agency to administer the program. Ranchers, he explains, find it easier to take federal checks than to accept reimbursement from Defenders of Wildlife directly. While it is a considerable expense, Fischer believes that in the long run the insurance program will cost less than lobbying for more regulations against ranchers. "It's a lot cheaper to pay for livestock losses than paying for a lobbyist," Fischer says.

—Martin Morse Wooster

The Bailouts Continue...

If you thought the $150-billion savings and loan bailout was a whopper, just wait. The Federal Housing Administration's failing mortgage insurance program could triple the taxpayers' ante.

Established during the Depression to increase the access of low-income families to home loans, the FHA insures mortgage loans made by commercial institutions. With FHA insurance, borrowers can make lower down payments, borrow greater amounts, and pay lower interest rates than they could with regular mortgages.

But recent real estate crashes in the Southwest and elsewhere have depleted the agency's insurance funds and left it holding numerous foreclosed properties that it can sell only at a loss. Unless the economy rebounds dramatically in those regions, the FHA may need a taxpayer bailout totaling hundreds of billions of dollars.

A September 1989 General Accounting Office audit revealed that FHA insurance funds lost $4.2 billion last year; with a current deficit of $2.9 billion, the funds' reserves are exhausted. Homeowners still owe over $300 billion to the feds.

The FHA has more than 289,000 foreclosed properties in its possession and expects to take over 90,000 more this year. Since insurance funds are depleted, the FHA must rely on tax dollars to repay foreclosures.

Housing trends don't look promising. In 1979, 2 percent of FHA mortgages were over 60 days delinquent; by the end of 1988, that figure increased to 5.5 percent.

Sen. Alfonse D'Amato: His bill could aggravate FHA defaults.

A new piece of legislation could aggravate the problem. Cosponsored by Sens. Alan Cranston (D.-Calif.) and Alfonse D'Amato (R.-N.Y.), the National Affordable Housing Act would raise the ceiling price on houses that qualify for FHA loans from $101,250 to 95 percent of the median value of a home in a given region. For example, in Orange County, California, where the median is $270,000, home buyers could get FHA financing for houses costing as much as $256,500. (As part of a separate spending bill, the Senate increased the ceiling from $101,250 to $124,875.)

The bill would reduce the down payment required for new home buyers from 5 percent to 3 percent. The bill defines a new buyer as someone who has not owned a home in the last three years.

Potential homeowners who lack the cash to make large down payments are greater risks to default. One can also argue that a family earning $75,000 a year who can't borrow money privately for a home should not be entrusted with a taxpayer-guaranteed loan.

—Rick Henderson

FYI

Groups or individuals mentioned in this month's Trends:

Wolf Insurance:
Hank Fischer
Defenders of Wildlife
1534 Helena Avenue
Missoula, MT 59801
(406) 549-0791

Tax Cuts:
David Keating
National Taxpayers Union
713 Maryland Ave., NE
Washington, DC 20002
(202) 543-1300

PAID ADVERTISEMENT

Shame! Shame! Shame!

At the end of World War II, some 2,250,000 Soviet citizens found themselves in the Allied zones of occupation in Germany. They were prisoners of war, slave laborers or refugees. Most of them were terrified of returning, but Western governments forced them into "repatriation."

They were rounded up in their camps by US and other allied forces, herded into trucks, often with blows and rifle butts, and driven to USSR-bound rail cars. In many cases whole families preferred suicide.

An estimated 795,000 of those repatriated were executed or died in Soviet slave-labor camps.

This was done in a number of operations, the best known of which bore the name of "Operation Keelhaul."

Operation Keelhaul II is now imminent

Some 170,000 Vietnamese and other South-East Asian "Boat People," refugees from Communism, now languish in camps in various countries in the Pacific region.

These people have risked death to escape to freedom. They are the estimated half that succeeded. The others drowned.

Close to 60,000 of them are behind barbed wire in camps in Hong Kong. And the British government has decided forcibly to repatriate them. If this ignominy takes place, the 110,000 in other camps will soon follow. (Many countries do not have such camps. They drive the Boat People back into the sea.)

This time

This time there is no fear of angering the Soviets and upsetting the hope of good US-Soviet relations. This time there is no propaganda about the humane and peace-loving Soviet Union welcoming back its lost children. This time there is no legend of the maligned, but wise and kindly Stalin. This time there is no curtain of secrecy as in Operation Keelhaul I.

This time the West has all the facts and no delusions.

And still it yawns in indifference.

Calming one's conscience

Oh yes, there are the usual conscience calmers. Only "economic migrants" will be delivered to the tyrants from whom they escaped.

In the 1930s and early 40s, "economic migrant" was a term used by Communists in the US and Britain for non-Communist Jews who had fled Nazi Germany. "Economic migrant" is now a term by which quota-filling bureaucrats will decide on each victim's future: freedom or slavery (and perhaps death).

It is also true that the United States has a better record than other countries. It has gone on record opposing forcible repatriation – on paper, anyway. It has taken in more Vietnamese refugees than anybody else, mainly after the collapse of South Vietnam. The quota has dwindled yearly and is now down to 50,000 for all refugees from South East Asia.

Indifference is complicity

But on the whole, the US government and the American public have remained indifferent to one of the most abominable policies to be pursued by a Western power since World War II. Hong Kong's governor has a point when he complains that his overcrowded peninsula is made to enforce the immigration policies of other countries, including the U.S.

Make no mistake: this is not just Britain's disgrace. The whole Western world has become an accomplice by its indifference. The magnitude of the crime about to be committed overshadows any shades of difference in culpability.

This ad does not aim to fill you with guilt. It wants to open your eyes to an opportunity.

These people are imbued with the free-enterprise work ethic. They are not like the illegal immigrants who end up on the welfare rolls. With their Asian diligence and entrepreneurial spirit, they will *create* jobs, not take them.

These are people who have proven their worth by risking drowning, rape by pirates, and squalor in refugee camps in order to make it to freedom.

These are people who know totalitarianism first hand, not from apologist academics who deep down admire it. They know the value of freedom. They will make America stronger.

Wanted: A lot more than your money

You can, in one gratifying sweep, do your share of preventing a shameful disgrace, help these people, and make America stronger.

If you want to contribute to humanitarian help, write me and I will refer you to the most effective organizations.

But this is only temporary help; **the way to help both the Boat People and America is to increase the US immigration quota for Asian refugees.** A brief report on the prudence and profit of such a step is now being prepared by the

Asian Studies Center
Claremont Institute
4650 Aero Highway/#D-6,
Montclair, CA 91763,

a pro-free enterprise, non-profit institution qualifying for tax-deductible contributions. With enough money they can get the report to every member of Congress and distribute it to opinion molders nationwide. You can help them do just that.

But that is not enough. Reports and memoranda move Congress to action only if there is a sizable constituency behind them. Such a constituency is formed by writing letters to the editor of your local newspaper and electronic media; by organizing lectures, meetings, "media events" and a hundred other ways of influencing people – when will Conservatives learn from the Left how it's done?

As one who defected from Czechoslovakia and would rather commit suicide than let himself be deported for "repatriation," I ask you not to turn the page.

Write a letter to the editor of your local paper **now**, phone your congressman and senator **now**, tell your friends and colleagues about this **now**, and ask them to do the same. Get behind a copier, a fax, into a computer network. Form a group. Watch the activists of the Left how *they* get on radio and TV, and get there yourself.

Spread the word:

Stop this disgrace, and seize the opportunity!

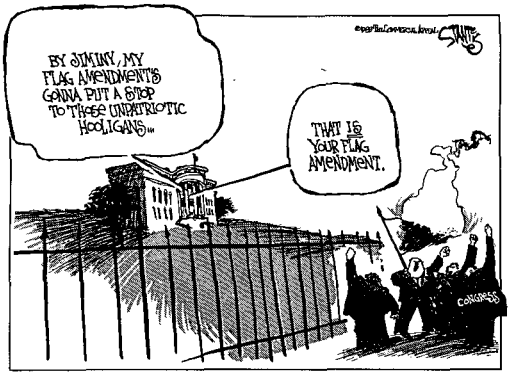
Petr Beckmann
Publisher and editor
Access to Energy
Box 2298, Boulder, CO 80306

Stop Operation Keelhaul II! Seize the opportunity!

PAID ADVERTISEMENT

BALANCE SHEET

Assets



Flagging Enthusiasm. Bush's attempt to mess with the Bill of Rights goes down in flames, as Congress experiences a sudden attack of principle and good sense. Having covered their electoral *derrières* with an anti–flag burning law, lawmakers decline to gussy up the Constitution.

Fast Relief. The American Red Cross outdoes itself in Charleston and San Francisco. It's just the sort of organization that would never get started today. As Milton Friedman points out, broad social-service groups were a 19th-century phenomenon; nowadays, new nonprofits exist mostly to influence government. But would you really rather rely on some Emergency Relief and Blood Supplies Agency?

Rent Check. Rent control increasingly looks like a goner. A U.S. district court orders Santa Barbara, California, to pay mobile-park owners for revenue lost because of the city's rent control statute. Court decisions nibble at the Big Apple. To keep apartments on the market, Santa Monica concocts a price-discrimination scheme—landlords can charge some tenants super-high rents if they charge others super-low ones.

Assembly Line. Economists say no factories are getting built. Builders say otherwise. Engineering companies like Fluor Corp., writes *L.A. Times* trend spotter James Flanigan, report increased construction worldwide and greater flexibility thanks to computer-aided design. Why the misleading statistics? Much work is in fixing up plants—making oil refineries less polluting, for instance. The rest is spread over many smaller projects instead of yesterday's oil-related whoppers.

Liabilities

Video Tripe. Missouri bans renting or selling horror movies to minors; eight other states consider similar measures. Watching gruesome, nihilistic videotapes probably isn't too good for kids. But the law is worse—so vaguely worded it could apply to nearly anything and another affirmation of the prevailing notion that the state must play parent because parents won't.

Space Odyssey. American Rocket Co.'s commercial rocket fails to take off, apparently because of a faulty valve. After debugging, AMROC vows to try again—and seems to have the capital to keep going, with layoffs.

General Will. Daniel Ortega proves once again that Nicaraguan *chutzpah* knows no bounds. Using a conference on peace and democracy to announce suspension of the cease-fire with the Contras was a definite *faux pas*. Even Chris Dodd was shocked. But Ortega is smart enough to know it doesn't matter what he does. No policy will change—either in Washington or Latin capitals. He might as well have fun showing how much he can get away with.

Culture Club. European governments plot ways to keep evil American TV shows out of continental living rooms. A major concern: Not trash TV but *public-affairs programs*. It seems U.S. news beats most world reports.

—*Virginia I. Postrel*

Risky Business

Broadly speaking, gambling is illegal in California. But there are exceptions, and for nearly 100 years the courts have been deciding what they are.

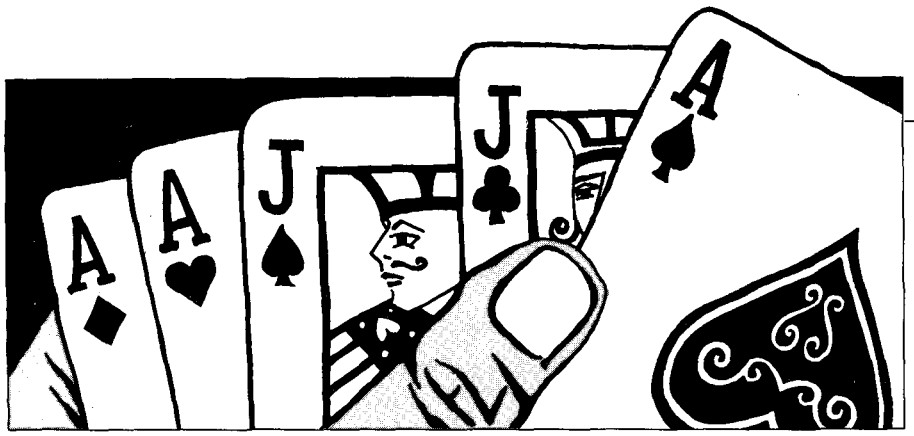
Lately, however, the people who make money off those exceptions have become uneasy about taking their chances in the judicial crapshoot. Poker club owners, who provide playing space and equipment to customers who compete among themselves, want to see their rights clearly set forth in the law.

Last amended in 1891, the state's gambling laws prohibit slot machines, games in which players oppose the house, and a fuzzy category called "banking games." State law also bans 10 specific games, such as monte, that were popular in the late 19th century but are rarely played anymore. Meanwhile, a number of new games have come into vogue, and state courts have had to judge whether they should be permitted.

Seven-card stud, for example, has been ruled acceptable. But there is some controversy concerning two games, pai-gow poker and super pan 9, that are especially popular among Asian immigrants, from whom club owners receive much of their income. Although the house does not participate, merely charging the players a fee for each hand, these games resemble blackjack in the sense that each player competes with the dealer. In any given round, several players or none may win. But since players take turns dealing, pai-gow and super pan 9 are not, strictly speaking, "banking games."

That nice distinction did not stop Los Angeles County sheriff's deputies from arresting players of the two games at several clubs in early 1989. After a judge questioned the charges, the cases were not pursued.

But businesspeople such as George Hardie—whose Bicycle Club in Bell Gardens takes in some $80 million a year, most of it from pai-gow and super pan 9—would like to be free of such harassment. Hardie wants the law to tell him where he stands by establishing clear



guidelines for permissible gambling—for example, allowing games in which the house does not participate and the odds do not consistently favor a particular player.

A bill sponsored by Republican state Sen. Robert Beverly would allow the house to take a percentage of each player's winnings as its fee. On the other hand, it would prohibit games such as pai-gow in which a dealer competes with the other players. Still, by establishing a clear rule, the proposed amendment would eliminate the need for courts to review every new game or variation. The bill is backed by cities that permit poker parlors and reap tax revenue from them. It was intended as a compromise between the interests of club owners and the demands of law-enforcement groups, which reflexively oppose any liberalization of gambling laws.

Although he accepts the political necessity of keeping certain games illegal, Hardie is not pleased about it. "I think the players should have the choice," he says, but "we'll never have full-scale casino gambling in the state of California."

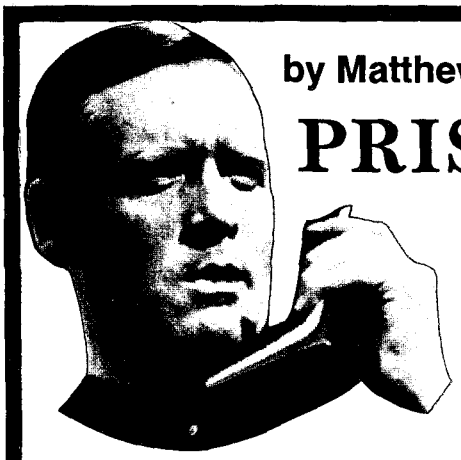
That would require a campaign to change the state constitution, which would attract opposition from every entertainment business worried about competition from casinos in California, including local race tracks and the gambling industry in neighboring Nevada.

—Jacob Sullum

TERI KLASS

"Foreign investment doesn't help [the Soviet economy], because it will just disappear into this chaos, like water into sand. Our only real chance is a true market economy. Unfortunately, the largest sector of our leadership isn't willing to use the human experience that is staring them in the face. They prefer to reinvent the bicycle."

—Chess champion Garry Kasparov, from an interview in Playboy.



by Matthew White & Jaffer Ali

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BRICKBATS

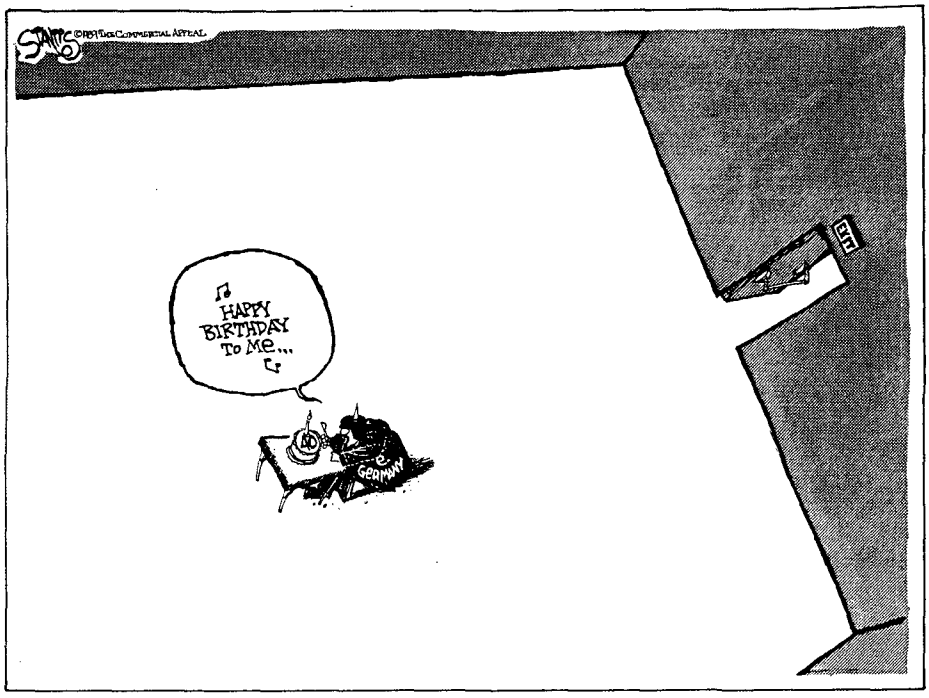
The Case of the Satanic Sandals. Moslems in Dhaka, Bangladesh, went on a rampage, ransacking shoe stores. It turns out they mistook the Thom McAn logo on some sandals for the Arabic characters for "Allah" and thought the Western company was denigrating their religion. Police were called in to quell the rioting. At least one person was killed, and 50 were wounded.

They do things a little differently in South Carolina, where the Beaufort County School Board recently adopted a new text for its sex-education courses. The book, *Sex Respect*, contains no information on sexual reproduction, on how to deal with sexual abuse, or on how to prevent unwanted pregnancy. Instead, it has students make bumper stickers that read, "Control your urgin', be a virgin" and "Don't be a louse, wait for your spouse."

Rep. Bill Schuette (R-Mich.) recently advised constituents not to expect all their problems to be solved by the federal government. He warned voters, "Congress is not the sole suppository of wisdom."

Students at Connecticut's Ridgefield High School are demanding that a mural of Jimi Hendrix be painted over. They claim that the guitarist is an offensive symbol of drug abuse. Golly, this youthful rebellion stuff is really getting out of hand.

An update on the European economic unification slated for 1992. The European Commission has proposed making all plastic food illegal to prevent accidental consumption. In addition to realistic table decorations, the six-foot-long bananas and fish popular with soccer fans would be outlawed. In lands where tripe and escargot are considered delicacies, it seems people will eat just about anything.



Police officers in Hawthorne, California, can take advantage of the department's new holistic fitness program. The program includes regular aerobics classes, training in visualization techniques to relieve stress, and diet seminars. The doughnuts and coffee that were stationhouse staples have been replaced with whole-grain muffins and herbal tea. Cops who don't eat doughnuts, that's unheard of! What's next? Wyndham Hill records on the office intercom? Channeling seminars with Shirley MacLaine? No more, "Stop, in the name of the law!" Instead, they'll warn fleeing suspects, "Hey, slow down, dude."

Tired of tasteless commercials? You know, those ads for feminine hygiene products, hemmorhoid treatments, and adult diapers that always seem to come on just as you sit down for dinner. Well, you might want to check out Saudi Arabian television. *Playboy* reports some of the restrictions placed on a filmmaker doing a soft drink commercial for Saudi TV. Among the requirements: Two people may not drink from the same glass. No comparative advertising. No kissing. No hairy men. No burping. Right. I'd just like to see them make a cola commercial without any burping.

The hottest Christmas gift in South Korea this year is Spam. The *Wall Street Journal* reports Koreans are crazy about the stuff. Koreans can buy special gift sets of nine cans of Spam to present to loved ones and business associates. And we complain about getting fruitcake for Christmas.

Once again cranberry fans in Wisconsin are trying to make the cranberry muffin the official state muffin. Two years ago a similar measure was defeated. Wisconsin legislators already have named Antigo Silt Loam the state soil, the trilobite the state fossil, and the American water spaniel the state dog. All this from a state that some of us can't locate on an unlabeled map.

—Charles Oliver

THE BOARD OF DIRECTORS
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Further information is available from:
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Alexandria, Virginia 22307, USA

THE GREENHOUSE EFFECT IS REAL,

BUT THAT'S NO REASON

KEEP YOUR

TO THROW OUT

INDUSTRIAL CIVILIZATION.

BY T. A. HEPPENHEIMER

COOL

It was early summer in 1988, and the Northeast was sweltering under an oppressive heat wave. In the Midwest, farmers were battling a serious drought. And at a congressional hearing, the atmospheric scientist James Hansen, director of NASA's Goddard Institute of Space Studies, made headlines by asserting that a worldwide siege of heat and drought was upon us, brought on by man's industrial activities. The dreaded "greenhouse effect" had arrived—perhaps as physical reality, certainly as a political issue. The *New York Times*, the nation's leading herald of environmental crisis, put the story on page one.

While few of Hansen's colleagues share the immediacy of his alarm, most scientists researching the question do agree that a major climate warming is in the offing. Yet in the subsequent months, the response of environmentalists has been rather muted—at least as far as specific policies are concerned.

The reason lies in the way the problem is usually formulated: How do we reverse the greenhouse effect and forestall the warming? To accomplish this sweeping goal, nothing less would do than the complete restructuring of our industrial civilization. A few environmentalists have issued prescriptions along those lines. Richard Houghton and George Woodwell of Woods Hole Research Center, writing in *Scientific American*, called for a "50 percent reduction in the global consumption of fossil fuels, a halting of deforestation, a massive program of reforestation. There is little choice."

Such cutbacks would indeed be required to end the buildup of carbon dioxide, but the cost would be intolerable—a worldwide economic collapse that would make the Great Depression look like a statistical blip. For the most part, therefore, few responsible observers are advocating such drastic actions. Even the Environmental Protection Agency's highly activist recommendations—calling for governments to intervene to hike the prices of fuels and to end deforestation, while promoting tree-planting, energy conservation, and alternative energy sources—would merely slow down the warming, not avoid it.

We cannot base sound policy on frenzied efforts to retain the climate of the 20th century. Rather, we must seek accommodation to the forthcoming warming. It does little good, as some environmentalists do, to propose that governmental actions can retain the climate to which we are accustomed. That is like saying that government ukases could have kept us in the age of coal, preventing us from ever tapping the world's wealth of petroleum and natural gas. Instead, we must understand the real threats posed by the greenhouse effect and learn to cope.

The problem arises from the worldwide use of coal, oil, and natural gas. When these fuels burn, they release carbon dioxide. This gas builds up in the atmosphere and acts to trap heat in its lower portions, raising global temperatures. (The same process occurs with the atmosphere's naturally present carbon dioxide and water vapor; if they did not trap heat, the sun would warm the earth to a global average temperature of around zero degrees Fahrenheit and the world would be shrouded in ice.)

Industrial activities account for only a small fraction of the world's total flow of carbon dioxide. Every year, some 759 billion metric tons of the gas enter the atmosphere, mainly from decay of vegetation, gases from volcanoes, and exchanges between atmosphere and sea, according to Houghton and Woodwell. As a minor additional source, some 18 billion tons come from fossil fuels. Yet this source is enough to tip the balance toward a global buildup, for only about 748 billion tons of carbon dioxide leave the atmosphere each year, chiefly through plant growth and dissolution in seawater. The net increase, 11 billion tons, can be regarded as entirely manmade.

As early as the turn of the century, and sporadically for several decades thereafter, various scientists suggested that man's activities might be affecting the climate. The first reasonably good study of this issue came only in 1975. That year, Syukuro Manabe and Richard Wetherald of Princeton University published results based on a detailed computer model. Specifically, they looked at the effects of doubling the atmospheric concentration of carbon dioxide, from 300 to 600 parts per million. They concluded that this doubling would raise the earth's mean surface temperature by three to eight degrees. More recent estimates, using improved models, predict a warming of five to nine degrees with this doubled concentration.

Computer models of such complex systems have come under attack for unjustifiably apocalyptic tendencies—the Club of Rome's predictions and the warnings of nuclear winter come to mind. But the greenhouse models appear more reliable. One can test them by demanding that with today's level of carbon dioxide they should accurately reproduce today's observed climate. The slight change of adding extra carbon dioxide to a model then produces a slight change in the climate—a global temperature rise of a few degrees—and this change then is quite believable.

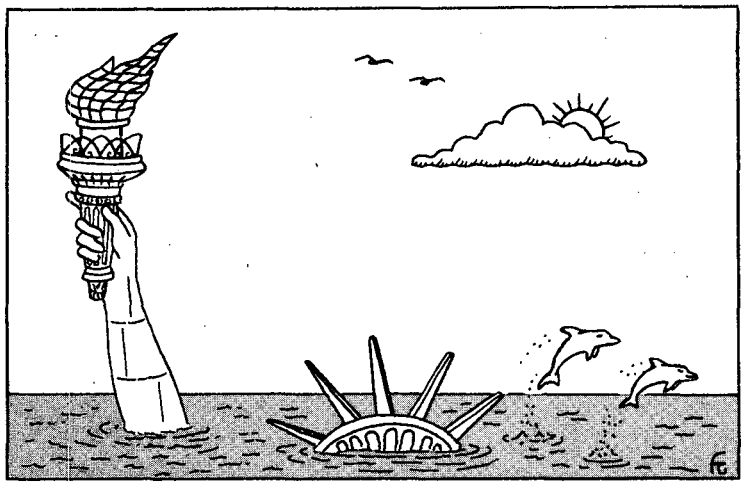
Such temperature increases, occurring over the entire globe, could have dramatic consequences. A project called CLIMAP has compared the climate of the modern era to that at the height of the Ice Age, 18,000 years ago, when Chicago lay buried under glaciers a mile thick. The CLIMAP group used computer models similar to those of Manabe and Wetherald. They concluded that, on average, global temperatures in July of 16,000 B.C. were only nine degrees cooler than in July of recent years.

If nine degrees make the difference between Ice Age and a comfortable climate, and doubling the carbon dioxide concentration can make a difference of nine degrees, it becomes very important to estimate how long it might take for the atmospheric carbon dioxide to double. Since 1958, Charles D. Keeling of Scripps Institution of Oceanography has monitored

month-by-month the atmospheric concentration of carbon dioxide. These measurements have shown a strong, marked rise: from 314 parts per million in 1958 to 348 ppm by 1988. Recent decades have shown a rate of increase of around 1.5 ppm per year, which would double the carbon dioxide concentration by the year 2150.

A further important clue to prospective change comes from the geological record. The glaciologist Willi Dansgaard has drilled long cores of ice from the Greenland and Antarctic polar caps. These contain records of ancient climates, and of the ancient atmosphere, across hundreds of thousands of years. Air trapped within the ice contains naturally present carbon dioxide, which is readily measured. In addition, the water of the ice contains two "fossil thermometers": isotopes of hydrogen and oxygen, which change their concentrations depending on the temperature.

An ice core drilled at Vostok, Antarctica, by French and Soviet scientists, has given some of the best available evidence on past changes. This core shows a very clear correlation of carbon dioxide with temperature: The isotope ratios in the fossil thermometers, as well as the carbon dioxide concentration, rise and fall virtually in lockstep across the past 160,000 years.



Interestingly, carbon dioxide levels in recent centuries—prior to the industrial era—were already higher than at any time since around 130,000 years ago. They have gone higher since. So the greenhouse effect may involve not only industrial civilization but also natural fluctuations. And we should be prepared for major climatic changes. The time of high carbon dioxide 130,000 years ago is known in geology as the Eemian interglacial, an era of unparalleled heat, when the warmth-loving hippopotamus lived in, of all places, Great Britain.

The oceans would have to warm perceptibly before the greenhouse effect would truly make itself felt over the continents. This has not happened and may not occur for several decades. Despite the press hysteria, the 1988 heat wave and drought appear to have been caused primarily by a warming in the eastern Pacific known as El Niño, which is due to natural causes. The restoration of normal warmth and rainfall in 1989, in turn, followed a Pacific cooling called La Niña. Neither of these was related to the greenhouse effect. The observed warmings to date are within the range of natural variations, and it may take another decade or two before theory and observation produce general agreement that the greenhouse indeed is at hand.

Nevertheless, there is good evidence for a worldwide increase in mean temperature of about one degree over the past century, with much of this rise having taken place since 1970. Worldwide temperature measurements, recorded over the years, tell of this. In addition, a number of glaciers have retreated. The maximal extent of sea ice, around Antarctica and in the Arctic seas, has declined. In the Alaskan and Canadian Arctic, the depth to permafrost has increased.

The forecasts are admittedly uncertain. Only in recent months have data been published that can permit an adequate understanding of the role of clouds in the earth's climate. Clouds aid in trapping heat from below, but they have the even larger effect of reflecting sunlight back into space, producing a net cooling. Uncertainties concerning the action of clouds are the reason that analysts give a range of possible values for the warming, such as "5 to 9 degrees with a carbon dioxide doubling," rather than a single, more definite value.

Unfortunately, this uncertainty offers little comfort. Michael MacCracken of Lawrence Livermore National Laboratory has compared a variety of computer models with one another and with real-world climate data. He concludes that the warming will amount in any case to several degrees, rather than being one degree or less. That is just what the computations have been showing all along.

Despite the uncertainties, we have abundant reason to expect that the next century or so will bring the sort of climatic change that we associate with a passage between geologic epochs. And since it is an ill wind that blows nobody good, it is natural to ask who will be helped and hurt and what the major anticipatable changes may be.

One such feared change—the threat of suffocation due to the using-up of oxygen—is wholly imaginary. Two other changes will be largely beneficial: warming the northern lands and staving off the next Ice Age. Three others will be unpleasant: hot weather, regional droughts, and major changes to ecosystems. Still, they are in line with longstanding trends and past experiences. But one result of the greenhouse warming does indeed pose a major threat. This is the melting of the Antarctic ice sheets, which could raise sea levels worldwide by close to 20 feet.

Taking these effects in turn, one begins with the allegation of a threat to the world's oxygen. This tale comes from environmentalists who are concerned over the widespread burning and deforestation of the Amazon. Some people assert that the Amazon is the world's "lungs," its prime source of new oxygen produced by photosynthesis. To burn the Amazon, then, would condemn us all to perish for want of oxygen to breathe.

There are excellent reasons to seek to save at least a few major tracts of rain forest, for they contain vast numbers of

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plant and animal species that have yet to be studied. But to call the Amazon the world's lungs reveals a woeful ignorance of the most basic chemistry. The rain forests produce great quantities of oxygen, true. But they also *consume* equally great quantities of oxygen when their plants die and decay. If the Amazon were a large net source of oxygen, this gas would be chemically balanced by large stores of "fixed carbon": humus, peat, lignite, coal, oil. The Amazon contains little or none of the above. In fact, the oxygen we breathe comes mainly from a source that no human activity could ever touch: the evaporation of seawater. This evaporation produces water vapor that breaks apart in the upper atmosphere, yielding hydrogen atoms that escape into space and oxygen atoms that are heavier and stay behind.

Warming of the northern lands is much more solidly established as a prospect for the future. The global computer models, predicting a worldwide average warming of five or more degrees with a doubling of carbon dioxide, also show that this warming would be substantially greater near the poles. Above the 80th parallel of latitude, the warming could amount to 18 degrees or more.

Agriculture could benefit enormously, both in Canada and the Soviet Union. Over a century or so, these countries might experience economic growth that would vastly enhance their prosperity. The Arctic Ocean might become navigable, with incalculable advantage for the development of Siberia and the other northern lands. The Northwest Passage could become a much-traveled sea route, linking Europe to the Far East. The Scandinavian countries would also prosper, contributing to the growing power of a unifying Europe.

Staving off the next Ice Age is another valuable consequence of a climate warming. The time between successive ice ages is called an interglacial; we have been living amid such a time for some thousands of years. In 1972, however, a group of researchers gathered at Brown University for a conference with the interesting title, "The Present Interglacial, How and When Will It End?" Reporting on the conference proceedings in *Science*, climate specialists George Kukla and R. K. Matthews stated: "When comparing the present with past interglacials, several investigators showed that the present interglacial is in its final phase...and that if nature were allowed to run its course unaltered by man, events similar to those which ended the last interglacial should be expected to occur perhaps as soon as the next few centuries."

One would not wish to write an environmental impact statement for such events. It is sufficient to note that the North American industrial heartland lies within 100 or so miles of the Great Lakes and Long Island—and that these geographic features mark the extent of the glaciers. (The Great Lakes were pressed downward by the weight of the ice, while other glaciers bulldozed material ahead of them to form Long Island.)

We would be eminently justified in doing whatever is necessary to prevent or delay the glaciers' return. And how fortunate we are if to do this we require no surge of global effort, no massive endeavors marshaling the world's concerted energies—nothing more than to continue with the growth of industry, the rise in living standards, and the attendant use of fossil fuels.

Still, the climate warmings will bring definite problems to wide areas. Chicago may experience the summer heat of New Orleans, while Boston swelters as if it were Washington, D.C. The greenhouse effect, then, might bring the climate of the Sun Belt to the Frost Belt. But Americans have already experienced an increase in mean temperature that has nothing to do with climate change. Large numbers of people from the Frost Belt have for some time been moving to the Sun Belt, and many more would like to follow. Air conditioning made possible the spectacular postwar boom in the South and Southwest, and it is fair to say that air conditioning would similarly advance as a way of life if summer heat becomes more burdensome in the North.

Unlike a flood, hurricane, or earthquake, the sea-level rise wouldn't occur suddenly. It would happen over centuries, not over days, giving humanity time to adapt.

Regional droughts could pose a more dramatic problem. The word *regional* must certainly be emphasized, for the most elementary physics shows that a warmer world will evaporate more water and hence will produce more rainfall. The Manabe-Wetherald solution, for one, shows a 7 percent increase in total world rainfall. Yet this is hardly a 7 percent solution. Regional rainfall patterns are strongly influenced by seasonal movements of the jet stream and of high- and low-pressure areas. A general climate warming could well bring changes entirely similar to the 1988 El Niño, with its attendant drought and heat.

Rain-fed agriculture is a mainstay in much of the Midwest, and a sudden onset of drought would be ruinous. If the changes took place over decades, however, they would amount merely to a continuation of trends that have reduced the agricultural workforce to only 3 percent of all persons holding jobs. A boom in Alaskan and Canadian farming would certainly provide opportunities for many people. And the prospect of water shortages might well provide New York and other cities the incentive to rebuild their leaky and obsolete municipal systems.

Elsewhere in the world, one cannot overlook the possibility of intensified drought in already-dry parts of Africa, such as Ethiopia and the sub-Saharan lands. Here, however, the real problem is not climate. Indigenous governments committed to private property and economic growth—and prepared to build highways and railroads—could readily ward off the starvation that brings these lands to the TV screen. (See "All the Hungry

People," REASON, June 1988.) And it must be emphasized that, on balance, the worldwide increase in mean rainfall should bring an overall reduction in the extent of such marginal lands.

Then there is the prospect of environmental change, summed up in the question: How fast can trees migrate? Trees in forests are typically adapted to restricted ranges of temperature and hence of latitude. As climates warm, their appropriate ranges would shift northward, and might well do so more rapidly than their seeds could spread by natural means.

We have seen such developments in the last century, and on a particularly vast scale. Today we call such trends "eco-catastrophe," but a century ago they were "taming the wilderness." We cut the standing timber, broke the prairie to farmland—and produced a continent where hundreds of millions would live well, where previously fewer than a million had lived meanly. Since we could produce such sweeping environmental change in the 19th century, we surely will be able to intervene during the 21st—planting seedlings, helping the trees to migrate, and mitigating manmade environmental change with manmade restocking of the forests.

Still, in so complex a matter as climatic warming, much more is at stake than pleasant northern mildness or effects that, however unpleasant, represent extensions of ongoing trends. The warmings, again, stand to be more severe than in the last major time of high temperatures—the Eemian interglacial of 130,000 years ago. And the geological record of that era shows a clear and present danger.

The last era of high carbon dioxide, 130,000 years ago, was marked by unparalleled heat, when the warmth-loving hippopotamus lived in, of all places, Great Britain.

This danger lies in a major sea-level rise, for the Eemian sea stood at least 20 feet higher than the sea does today. The evidence comes from fossil coral-reef terraces in Hawaii and Barbados. And there is excellent reason to believe that just such a rise in the sea will accompany the carbon dioxide warming.

Such a sea-level rise would be by far the worst effect of a climate warming. The greatest hardships would hit such locales as the Netherlands and New Orleans. Both have large portions of land already below sea level and are protected only by extensive dikes and levees. The inhabitants would have no recourse but to build these works higher, and hope.

Along the Gulf Coast, nearly a third of Louisiana would be submerged. The same would be true for the flat lowlands of Texas, which include Galveston, Corpus Christi, and parts of the Houston area. All of southern Florida, from Key West to Lake Okeechobee, would drown. So would all its coastal cities; only interior towns such as Tallahassee, Gainesville, Orlando, and Lakeland would be spared.

We would lose Savannah, Georgia; Charleston, South Carolina; four of Virginia's eight largest cities, as well as the Sacramento River flood plain in California that includes the city of that name. In Washington, D.C., the Lincoln Memorial would be swamped. The Mall would be flooded, and it would be possible to launch a boat from the White House lawn and row to just below the Capitol building.

Altogether, the United States would lose some 50,000 square miles of coastal lowlands, with a value of several trillion dollars. Similar losses would afflict every other continent. One must especially think of the hundreds of millions of people who live around the heavily populated deltas and estuaries of the Nile, the Niger, the Ganges, the Yangtze. In China, Egypt, Nigeria, and most certainly in Bangladesh, which already is right at sea level, throughout vast areas—all will be swept away.

Yet even as we contemplate such a natural disaster we must keep in mind that unlike a flood, hurricane, or earthquake, it would not occur quickly. The sea level would rise over centuries, not over days, and would give ever-adaptable humanity time to adjust.

Two distinct causes could contribute to such a sea-level rise. The nearer-term one would come into play as heat from the global warming soaked into the oceans, warming their water and bringing a thermal expansion of the sea. The EPA estimates the resulting sea-level rise at two to seven feet by the year 2100. No such rise has yet been detected; the sea has risen in the past 100 years by only four to six inches.

The rest of the sea-level rise, to the total of 20 feet, could come more slowly and from an entirely different source: the melting of polar ice. Glaciologists today are well aware of a body of ice that could indeed collapse and send sea levels surging to such an increase. This ice mass appears unstable and may well be at serious risk of melting in a time of global warming. It is the West Antarctic Ice Sheet.

The ice sheet rests upon bedrock up to a mile and a half below sea level. Ordinarily, the sea would tend powerfully to buoy up the ice and cause it to float away, but the ice is protected by fringing shelves of ice more than 1,000 feet thick, which float upon the sea. These act as icy barriers or buttresses that protect the main ice sheet from surging or collapsing into the surrounding seas.

Today, along the ice shelves' outer edges, immense flat-topped bergs continually are breaking off to float northward. This breaking-off is called calving, and a general climatic warming, amplified in the polar regions, could bring an increase in calving that would destroy the protective ice shelves.

In this scenario, once the polar temperature warmed sufficiently, the largest ice shelves would rapidly break up, falling to pieces that would float off as enormous bergs. The main West

Antarctic Ice Sheet, lacking its protective barrier, then would surge into the sea. The consequence would be a reduction of West Antarctica to a scattering of islands—and a permanently raised global sea level.

How long might it take for the seas to rise? The question of time scales rests on issues that are particularly uncertain: the time for the seas to warm and the time for major ice sheets to collapse. Several glaciologists have proposed that the last major ice sheet to melt—the Laurentide, which overlay Hudson Bay 8,000 years ago—collapsed over 200 years. Though miniscule on geologic time scales, this period is already far beyond the reach of any conceivable policy or plan in human affairs. If the melting of Antarctica should take longer—500 or 1,000 years—then it would represent nothing more than a long-term trend in the background of the future development of cities and of human civilization. By building seawalls, and by encouraging future growth in the direction of higher ground, communities would cope with the fact that from one generation to the next, sea levels would rise by another foot.

Over time, energy sources will also develop, through the natural play of demand and supply, that will reduce the buildup of carbon dioxide. Nuclear power could already substitute for fossil fuels to provide electricity; its lack of carbon dioxide output may in time lead environmentalists to rue the day they opposed it so strenuously.

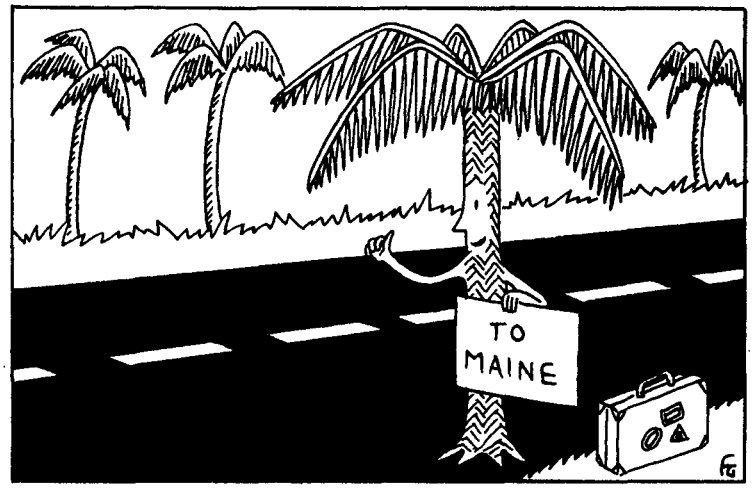
Over the longer term, solar energy may yet emerge as an economically viable source of electric power. With little fanfare, the prospects for solar cells have been advancing steadily. In the mid-1970s, the cost of their electricity was $15 per kilowatt-hour. Current systems reduce this cost to 30 cents, and some companies are building new facilities that promise a further reduction to 15 cents. That is within reach of the cost range, 6 to 12 cents per kilowatt-hour, that would make solar cells competitive with other future sources of electric power. Early in the next century, solar cells could emerge as the lowest-cost option for producing large blocks of electric power.

Eventually, too, hydrogen derived through electrolysis of water could substitute for the uses of fossil fuels that demand portability—powering automobiles, for instance—and might displace natural gas as a heating source. But, we must remember, in the United States it has taken some 60 years for each new energy source to rise from initial introduction to dominance within the economy. Within the world at large, the transition period has been closer to a century.

We should therefore anticipate that the concentration of carbon dioxide in the atmosphere will double, and perhaps more than double, before the rise of new energy sources within free-market economies brings the problem under control. So we should expect to experience, and to cope with, all the changes that the warming will bring—including the rise in sea levels. The geologic record strongly suggests that it is already too late to save the West Antarctic Ice Sheet, that it will inevitably melt as the world adjusts to a new equilibrium. All we may hope for, then, is that the seas will take several centuries to rise, rather than one or two, and that the resulting changes might be accommodated within the ongoing development of human civilization.

We know so little. To cite only the most severe of the effects of warming—the sea-level rise—three pertinent questions carry very large levels of ignorance: What level of climate warming will melt the Antarctic ice sheets? How long will it take? Might an economics-driven transition to new energy sources occur quickly enough to forestall this event?

Until we know the answers to these questions, we have no basis for policy. Nor should we take refuge in the idea that any action that reduces carbon dioxide is necessarily a good thing. After all, carbon dioxide is a byproduct of industrial growth and of a prosperous economy. Ill-considered actions against this gas could give us the worst of both worlds: an imperfect reduction in its emissions that barely delays the warming and robs us of the prosperity that might allow us to cope with its effects.



Good intentions are no substitute for knowledge, and fashionable activism cannot fill in gaps of ignorance. Lacking the needed answers, we cannot even accurately assess the future significance of the carbon dioxide that is already in the air. Still less can we propose a global plan designed to save the world. The most we can do is anticipate that we will cope, and muddle through.

Canadian cities will discover air conditioning. Midwestern farmers may move to Alaska. East Coast cities may make it a priority to rebuild their waterworks. Forestry companies and the Department of the Interior will plant warm-weather trees in the Appalachians. Builders will look toward higher ground. Vast engineering works—dikes, seawalls, aqueducts—may come forth against drought and rising seas. And through it all, worldwide prosperity will continue to give humanity the tools to deal with these changes, and to thrive in the face of the resulting difficulties. ■

Contributing Editor T.A. Heppenheimer is a widely published science writer.

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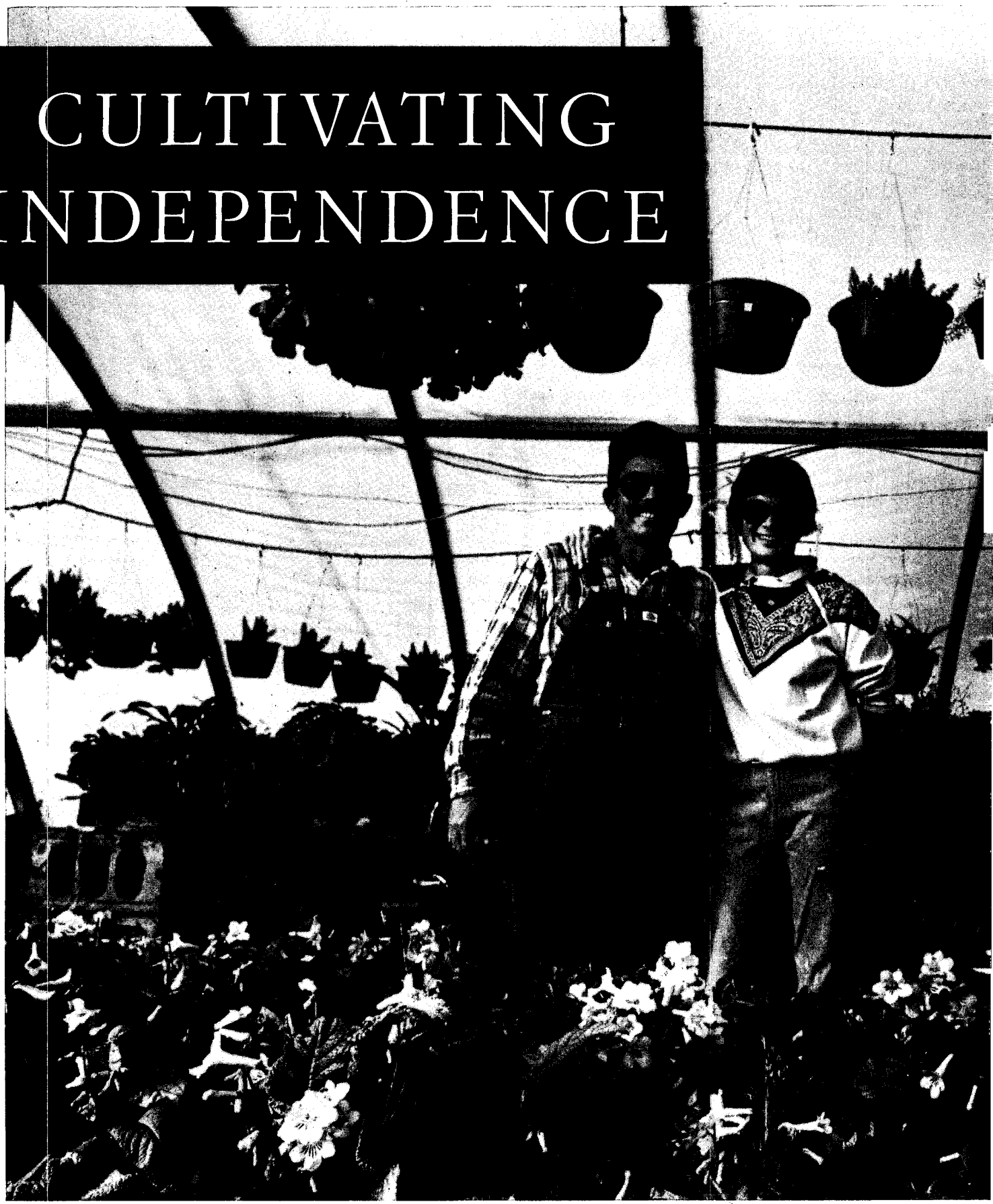
CULTIVATING INDEPENDENCE



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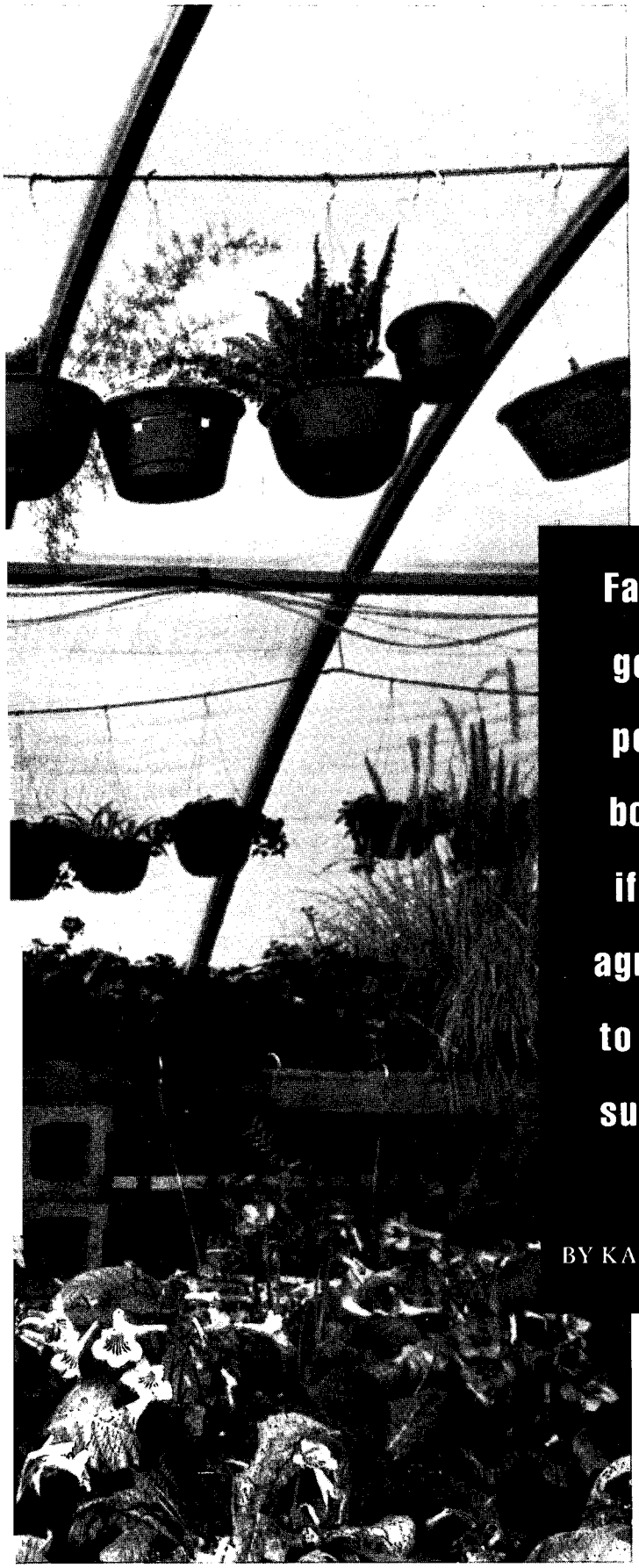

Farmers and government policy must both change if American agriculture is to escape the subsidy trap.

BY KARL ZINSMEISTER

Blake and Julie Hurst built greenhouses to escape commodity farming.

In the future, just toiling hard—the first commandment of agriculture—will no longer be enough to assure a farmer success. New technology, world trade, and a host of smaller factors are bringing momentous changes to American agriculture, and farmers who expect to stay in business are going to have to guard their independence with quick thinking and tough choices. Dramatic reforms of government farm programs are called for as part of the necessary adjustment, and we will examine some below. But it is primarily farmers themselves who are going to have to work their own salvation.

The first thing they are going to have to decide is what kind of farmer they want to be. There are basically two options: The top fifth of U.S. growers (fewer than half a million individuals) run large, efficient family farms as commercial enterprises and produce 85 percent of our agricultural output. Most of the rest are part-time farming families who have found agriculture a good complement to a day job, an off-farm business, or a spouse's salary. Farm labor is what economists call "lumpy"—there are periods when you wear yourself out, then long stretches where you can do nothing at all. That can fit well with another job, even when the farming is done on a reasonably big scale.

Big boys and part-timers alike have family incomes above the national average, but they earn them in very different ways: The first devote themselves entirely to agriculture and bring home an average of about $100,000, while the latter derive about three-quarters of their income from nonfarm sources. (In between the commercial and the part-time farmers are very small scale full-time farmers, who are often distressed and rapidly disappearing.)

Even farm families that are fully dependent upon agriculture are finding it advantageous to diversify their income sources. One example would be the Baxter operation located near Stockley, Delaware. Jim Baxter is a jowly, unpretentious man, feeding a smoky trash fire and loading junk onto a truck when I find him in his barnyard. The day before, a tornado had touched down and destroyed part of his grain bin and elevator, a reminder of the unpredictable natural environment within which farmers work.

"There's been a Baxter farm here since 1903," he explains, "but it's changed a lot over the years." With his two sons, Baxter started a farm-machinery parts business on the premises to supplement seasonal crop income. They also put up a string of chicken houses.

"We're not going to solve the farm problem by everyone growing shiitake mushrooms," says Blake Hurst. "But people are trying new things, and efforts to broaden the agricultural economy will pay off."

The modern broiler industry was born nearby, in the area where Delaware, Maryland, and Virginia meet, and it has broken into specialized components on the way to becoming a super-efficient business. Large companies like Holly Farms and Perdue Farms Inc. supply day-old chicks, special feed, and technical advice to growers, and they buy up the mature birds for processing and marketing. In between, nearby farmers provide the careful attention and efficient husbandry needed and, in the process, generate a predictable cash flow.

Every few weeks, flocks of 50,000 to 100,000 birds circulate through the Baxters' controlled-environment chicken barns. Though they require careful watching, the chickens remain a sideline on a relatively small piece of the family land. Between the chickens, the parts business, and the older grain-raising operation, Baxter Farms has become a diversified operation, with labor and financial demands smoothed and balanced out.

A more full-blown example of agricultural specialization is Harry Mitchell. Near Berlin, Maryland, Mitchell owns a compact 10½ acre spread. On that tidy bit of carpet he has put up a half dozen chicken barns that 105,000 fowl call home. Every few weeks the companies with which he has contracts bring in a load of peepers and take away a load of squawkers. With his feathered guests zipping from infancy through adolescence, to prime McNugget-making age in a mere 49 days, Mitchell can run five-and-a-half flocks through his operation every year, a staggering total of more than half a million birds (let's say 3.5 million dinners). And aside from a few guys he calls in to wave their arms and make fox noises when it's time to herd a mature flock into the processing plant's trucks, he does it all alone.

Despite the tremendous productivity they make possible, the new patterns in broiler raising are controversial with some farmers, who consider contract-growing just one step above being a hired hand. One worry is that the trend could ultimately turn some farmers into little more than assembly line workers without much independence. Not all farmers, though, want the responsibility of running a complicated top-to-bottom business. Many complain about the heavy capital investments that farming requires today, the difficulties of managing so many different facets of an operation, and the crazy swings they face in commodities markets.

To a considerable extent, contract growing relieves farmers of these burdens. It brings infusions of money, machines, and management help. It moves price risk to the supplier/processor's shoulders. And it can make a bigger pie for everybody, because integrated processors like Frank Perdue can do sophisticated marketing and advertising that individual farmers cannot easily get into.

Farming was dying out in the Eastern Shore counties around Mitchell's place when the eight integrated companies reorganized local chicken production. Today, the region is the most concentrated broiler producing area in the United States, sending 150 tractor trailer loads of poultry across the Northeast every day, providing a huge market for local corn and soybean growers, and spreading ripples of prosperity through a territory that was once one of the poorest on the north Atlantic seaboard.

Rather than just concentrating on one stage of the growing process, some farmers are capturing more of the agricultural profit that once went to middlemen. Richard Justiss and other grain farmers interviewed in this series have put up elevators on their places and started storing and trading grain. Wheat grower David Magness got a spraying rig and buys wholesale chemicals so he can do for himself what he used to hire out. Vegetable farmer Charles West built his freezer a few years ago and now not only runs his own stuff through it but also packs branded vegetables for wholesalers and retailers. The freezing plant now generates more than twice as much income as his farm.

Leonard Martens is about as near a polar opposite to the empire-building Charles West as can be imagined. But using his own diversification strategy he, too, has stayed in the

farming business long after many of his neighbors have moved on. A kindly man with a gently rounded belly and a big sense of humor, Martens was originally an egg farmer. He was squeezed out of that by a drop in U.S. consumption and the increasing decrepitude of his laying sheds. Today, he markets and delivers in his old van the eggs a partner produces. Though it is clear Martens hasn't made much money farming for some time, his egg partnership and the cattle he runs on his pasture land allow him a living.

The slanting spring sun ricochets off a long necklace of "Property Available" signs on both sides of the road leading to his place, and it obviously gives him some satisfaction to have kept intact one of the largest pieces of contiguous land in his area. Despite some tough scrapes, Martens has made adjustments and preserved his way of life without accepting a single government subsidy. He points out with quiet pride that all of his cattle are registered Beef Master hybrids, beautiful light chocolate animals, with sturdy young calves thick among them.

Recognizing that it can be hard to make a living just producing bulk commodities that are in chronic surplus, farmers have long tried to add value to their output by feeding some of it to animals who transform it into something pricier. A few head of cattle can serve as a kind of shock absorber on a small farm, because they can be grazed on fallow land, damaged crops, or harvested stubble, "finished off" when grain prices are low, and sold when beef prices turn favorable. Likewise, a dollar's worth of corn thrown to a piglet can bring a farmer more than two dollars' worth of hog six months down the road.

Other kinds of specialization and "value-adding" are available to farmers who want to stay in agriculture but are feeling squeezed out of traditional farming. Instead of trying to wring ever higher yields of unprocessed food commodities from their land, some small farms have turned to producing low volumes of high-quality specialty products like pond-raised trout, hydroponic vegetables, game meats, unusual cheeses, seasonal fruits, or local wines.

This usually requires getting into the business of marketing and selling. Some high-value farmers run their own stands or stores, deliver to regular buyers at urban restaurants or gourmet food shops, or run phone or mail-order operations. Their goods generally command price premiums over competing mass-produced products.

This strategy has made a big difference in some parts of the country. The number of farms in several northeastern states actually rose during the 1980s. Maine added 400 farms in five years. In Massachusetts, the number of farms went up by more than 10 percent in just four years. The number of farms in New Jersey rose 9 percent from 1982 to 1987, to 9,032. Most of these new operations, and many of the older existing farms in New England and the Atlantic states, prosper by running diversified low-cost operations, by taking advantage of their proximity to major urban centers, by selling direct to consumers, and by concentrating on under-served niches for high-value products.

"Niche farming is particularly important if one views agriculture from the point of view of practitioners rather than acres," says Bill Baumgardt, director of agricultural extension services at the Purdue Agriculture School. It can occupy lots of farm labor even while the vast bulk of land remains devoted to conventional husbandry. And niche farmers need not turn out a brand new, or especially exotic, product. Soybean farmers, says Baumgardt, may simply concentrate on the slightly different varieties that are exported to Japan for tofu making. Some corn farmers may plant only the strains that are desirable for industrial starch uses.

Missouri corn farmer Blake Hurst hopes to break out of the bulk commodity strait jacket by relying on a commonplace yet nontraditional crop. He and his bright, high-energy wife Julie have just built four large greenhouses behind their home and recently bought a flower shop in a nearby town. They plan to run a bedding and ornamental-plant business, selling to local homeowners. They hope that business, plus perhaps some journalistic income from Blake, will allow them to get out of the row-crop trade.

Hurst writes that some of his Corn Belt neighbors are venturing out in similar fashion to put their family finances on firmer, more independent footing: "West of town, land that used to grow the best corn in Atchison county is now planted to potatoes, a crop that doesn't depend on subsidies, but rather on America's appetite for potato chips. North of town, some neighbors are experimenting with broccoli, another nonsubsidized crop. Further north, a group of farmers' wives distribute their handsewn clothing to yuppies nationwide."

Not all diversification ventures will succeed, and they can be oversold. "Some of these things come and go. I can remember

Charles West now earns more from his freezer than from growing vegetables.

LYNN DYKSTRA

talk about rabbit farms, worm farms, you name it, and none of them took," warns Martens. Adds Iowa extension agent Mike Duffy, "There is a lot of room for more diversification on Iowa farms—an acre of strawberries, three acres of blueberries, whatever. But high-value crops have higher variances. Only if a farmer has the labor and management skills, and if he markets the crop *before* it goes into the ground, is it a good idea."

The Baxter family has diversified, selling farm machinery parts and raising chickens.

"I know a guy who planted 100 acres of asparagus without giving a thought as to how he was going to sell it," reports farm consultant Eldon Hans. "He ended up plowing 85 percent of it under." Says Hurst, "We're not going to solve the farm problem by everyone growing shiitake mushrooms. But people are trying new things, and efforts to broaden the agricultural economy will eventually pay off. I know our greenhouse is growing rapidly and helping us a lot."

Other families eager to stay in small-scale farming have turned to what *Missouri Farm* publisher Ron Macher calls "agripreneurship." Writer Anita Evangelista, who herself lives on a farm, describes how one Missouri farm wife signs up families in her small town on a "subscription vegetable" list. Every couple weeks, she delivers 10 to 20 pounds of just-picked veggies to each home, taking away $15 at each stop. She hopes to have 25 or so enrollees next year (that's $750 a month), and she does it all on less than four acres. A six-acre family operation in Maine provides 100 families with a full spring/summer/fall array of garden crops for about $320 each annually. Comparable crops, less fresh, would cost about $550 in the supermarket.

In the mid-1950s, Robert Bitz began to focus his family's small central New York farm on turkey raising. Today, the operation, thriving and no longer small, is both remarkably specialized and astonishingly complete in its field-to-dinner-plate production cycle. Robert and son Mark supervise the growing of corn on more than 600 acres of land, the combination of that corn and other ingredients into turkey feed at the farm feedmill, the raising of 400,000 turkeys a year, and the processing of all of those gobblers right at the farm plant—not only as roasting birds but also into a growing range of specialized products like turkey pastrami, smoked turkey, and sausage.

The Bitzes market and transport their products throughout upstate New York and run a broad promotional effort for their own Plainville Farms brand, including a popular visitors center and an ambitious advertising campaign with its own cartoon character. As if that were not enough, the farm also operates two restaurants—one sit-down, one fast-food—that serve prepared Plainville Farms products directly to the public. In addition to allowing careful quality control at each step, this remarkable string of value-adding processes lets the farm capture for itself more of the income that derives from its product.

Although many farmers can prosper by selling more effectively in their own backyards, most of the future demand for U.S. agricultural products will come from abroad. Purdue University Agriculture Dean Robert Thompson argues that American farmers "have viewed the export market too often as a place to get rid of transitory surpluses, not as a regular and planned outlet for a significant fraction of their product."

To build export markets, U.S. agricultural groups need to further develop offices and long-term relationships abroad, and to help American farmers tailor their output to the needs of other countries. The Third World in particular offers enormous export potential. As people become wealthier, they sharply increase the amount of meat in their diets, and those animals must be fed grains and protein meals that in a great many cases can be supplied at low cost only by American growers.

Another area where farmers need to become much more active is in what might be referred to as private price insurance. Farmers have price problems: They sell an undifferentiated product into a market made up of thousands of small suppliers all selling the same thing. As a result of this intense competition, they have no control over what price they get. And in some cases the price shifts dramatically in the brief interval between planting and harvest—turning an expected profit into a loss.

Insulating farmers from some of the shock of these price swings has long been a major aim of government farm programs. They have done so fitfully, with many strings attached, and at great cost. But for most of this century farmers had few alternatives. Fairly recently, however, a host of new trading institutions and pricing mechanisms for farm products has sprung up, giving farmers a chance to shift much of the risk inherent in cultivation onto their customers and onto financial

JERRY HAMMOND

speculators.

Futures markets (which allow farmers to sell their crops in advance of harvest, locking in today's price for goods that won't be delivered until later), commodities options (which for a slight premium give farmers the right—but not the obligation—to sell their crop in the future for today's price), and various forward pricing contracts (which do similar things) are becoming easily accessible. Farmers now have the chance to lock in their returns months before harvest, removing much of the terrifying uncertainty that has long dogged farming.

Unfortunately, only a minority of farmers have bothered to take advantage of these new possibilities. "I would guess only 10 to 12 percent of farmers are hedging on traditional major crops like corn, beans, and so forth," says Terry Francl of the American Farm Bureau. "If you include contracts at local elevators and so forth maybe one third to one half of all crops are priced before harvest."

Farmers have real economic power in commodities trading, if only they develop the knowledge and confidence to exert it. In the 1988 Iowa State University Farm Finance Survey, farmers who hadn't used a forward contract over the previous two years were asked why not. Fifty-four percent reported that fear or lack of information held them back, 46 percent said they "didn't have enough time" to do a good job, 68 voiced the opinion that futures markets carried "too much speculation and manipulation," and 12 percent said such tools were "morally wrong."

"Farmers are already speculating every time they put a seed in the ground, they just aren't acknowledging it. They're flying blind," says wheat grower Magness. "I started getting the *Wall Street Journal* three years ago and following futures markets closely every day. It makes me feel a lot better to have my crop hedged. We ought to be as excited about commodities options contracts as we were about hybrid corn, but few farmers are." Commodity options, as opposed to futures, notes University of Maryland economist Bruce Gardner, duplicate "the kind of protection that farm programs give—a price floor but no limit on profits from high prices."

But, he says, "Sometimes farmers will say that selling forward is just as much a gamble as taking one's chances on the cash market. If you sell forward at $8.00, and the price rises later to $10, you have gambled and lost. In part, this is just a confusion about the meaning of gambling. It's like saying you are gambling by staying home from Las Vegas because you might have won big if you had gone there."

Farmers have been conditioned from long experience to shoot for the jackpots in peak years, because lean times will surely be coming. Widespread forward pricing, if it takes hold, represents an entirely new psychological environment—the peaks may not be quite so exciting, but the troughs will be moderated, too.

So much for what farmers can do to heal themselves. What about the federal programs? Perhaps the first thing that ought to be acknowledged is that the 1985 farm bill was a step in the right direction. It lowered price supports to 75 percent of the most recent five-year average of market prices, throwing out the high and low years. This was the first time price supports had been tied to actual supply and demand conditions instead of just some political calculation—and it was a breakthrough.

Linking price supports to market prices reduces the chances they will encourage overproduction, and keeping them down at the 75-percent level means the government will only get into the costly and destructive business of buying up surplus commodities in rare years. Low, market-tied price supports are also less likely to force prices above prevailing world levels, and this has helped U.S. agricultural exports rebound.

The Reagan administration also wanted to change deficiency payments (the money above and beyond price supports that is paid directly to farmers to give them a guaranteed income) so that they would give farmers an annual return equal to 100 percent of the previous five-year average of market prices. This would have transformed our farm subsidy program from its current status as a politically driven income supplement to something more like a real safety net: The government wouldn't let a bad year take place, but in the long run it would guarantee farmers a return equivalent only to what they could earn in the marketplace. Unfortunately, Congress insisted on maintaining high deficiency payments, prolonging a whole host of overproduction and misproduction incentives.

> The last decade's farm policy has cost every single family in this country $300 to $400 a year, without much to show for it. That alone is reason enough to justify a break with business as usual.

And, of course, subsidy levels are only one part of farm policy. There are also mandatory land set-asides, various types of interference in export markets, conservation regulations, strict cropping controls, huge credit giveaways, disaster-relief protocols, and so forth. In most of these areas the 1985 farm bill made little progress, and in several it notably worsened government interference with agricultural functioning and farmer independence.

Worst of all, there is nothing to protect or preserve the few reforms where the 1985 bill did make progress. Next election, or cyclical downturn, the feds are quite likely to revert right back to old patterns: more welfare, more interference, more central planning, all in the name of the family farmer.

Clearly, sharp departures in U.S. farm policy are needed. Ignore the damage current policies do to farmer morale. Ignore the costs in economic efficiency. Ignore the environmental harm we are subsidizing. Ignore the huge balance-of-payments losses that come from forfeited exports. The single fact that the last decade's farm policy has cost every single family in this country $300 to $400 a year in extra taxes and consumer costs, without much to show for it, is reason enough to justify a break with business as usual.

And for practical reasons the present may be a good time to try something bolder. The federal government has just finished spending $200 billion on various farm programs during the 1980s. A painful farm shakeout has worked itself through—only 7 percent of all operations are today classified as under severe financial strain. Experts say 85 percent to 90 percent of the individual-debt problem that dogged farmers for most of the last decade has finally been digested. Exports, blasted by the disastrous '81 farm bill, have begun to rebound. Farm income stands at a record high. All in all, it is hard to imagine a time when changing directions will be any easier.

"We ought to be as excited about commodities options contracts as we were about hybrid corn, but few farmers are," says wheat grower David Magness. Some farmers deem options "morally wrong."

Farm bills are written from a notoriously short-run viewpoint. That is why we haven't had real improvement in the federal programs in more than 50 years, despite wide agreement that the current system has lousy long-term effects. It is time to begin some gradual, inexorable, structural reforms that do more than just tinker.

Our general goals ought to be several: to privatize the many functions of farm programs that can be done better or as well nongovernmentally; to redirect what the government does spend toward education, agricultural research, and support for rural and farm infrastructure instead of output subsidies; to end altogether practices that encourage destructive farming; and to otherwise reduce or reorient farm aid so that production choices and decisions are made by farmers on the basis of what crops are in demand rather than what is most favored by USDA programs. Even ignoring their potential for enormous taxpayer savings, these measures could be justified on efficiency and fairness grounds alone.

One clear blunderland where a beginning on reform could be had is the disaster-aid regimen. As we discussed in article three of this series, the disaster program, first set up in the 1970s, has encouraged environmentally damaging practices and sloppy management. (See "Technology, Ecology, and the American Farmer," December.) It costs a fortune, and it is distributed to farmers inequitably. All this the Congress already acknowledged in the early 1980s when it began a program to encourage farmers to hazard-insure their crops privately, swearing that once the private insurance network was in place not another dime of federal disaster pay would be doled out.

But the first year out, a dusty one in Texas, the Lone Star delegation broke ranks, and the boys on the Hill decided they'd pass out a little manna to the unfortunate after all. There's been a sad series of disasters nearly every year since, with the same result. Not surprisingly the demand for private insurance hasn't come on too strong. It's time to try another blood oath and forswear disaster-aid slush funds once and for all. Here's betting that the private underwriters' shingles will spring up thicker than daisies along farm roads if Congress does so with conviction.

Another dead zone for U.S. farm policy is subsidized credit. The government sponsors a separate credit system in this country for farmers, and it is huge—Uncle Sam is behind *half* of all U.S. farm debt. One of the central goals of the federal credit agencies is, literally, to give money to individuals who have been turned away from at least two regular banks because they are bad business risks. Surprise: The system is riddled with bad paper and required a multibillion-dollar bailout from Congress a couple years ago. We are about to see a rerun. Two-thirds of the U.S. Farmers Home Administration's $93 billion in loans outstanding is owed by delinquent borrowers. (For political reasons, Congress has made it next to impossible for the agency to foreclose.) FmHA could lose up to $10 billion a year for the next decade. Proportionally, that makes the nation's ailing S&L industry look like a financial pillar.

Even ignoring mismanagement, it is a mistake to pump below-market-rate credit into agriculture. It encourages overexpansion of capacity in an industry already plagued by surpluses. It quickens the substitution of capital for farm labor, unnaturally hastening shrinkage of the farm population. It pushes intensification of tillage, with unhappy environmental ramifications. And with its current bias toward bad risks, government credit favors less business-worthy farmers over their more-efficient brethren.

In the short run, the government at least ought to get out of the business of underwriting and convert its farm credit to simple loan guarantees, letting commercial lenders cut the actual deals (as they do with small FHA mortgages and student loans). Medium term, the government ought to altogether quit forcing extra credit into farming. And if it wants to do something interesting to help get market-rationed capital into the hands of tillers it could encourage, perhaps through tax incentives, some sort of mechanism to encourage outside investors to buy stock in farms.

Another little corner where a redirection of government activity ought to take place is in stockpiling. Reserves hang

over markets like an axe, and politicians have discovered that they can drive farm prices in convenient directions around election time by making little alterations in national stockpiles. To avoid this temptation, we ought to aspire to a largely private system of food reserves. (For national security reasons, the government might maintain some limited stockpiles. But they should be managed remotely, by officials not subject to reelection pressures much as the Federal Reserve is insulated from short-term political considerations.) Food would still flow in and out to dampen price swings but the ebbs and flows would take place organically, without central direction, for economic reasons (to avoid sharp changes in food prices) rather than political ones.

This is yet another thing that the private sector could do easily, if only it were not crowded out by a government program. Corporate food processors currently do remarkably little stockpiling, because they know the USDA will protect them at no cost. For the same reason, Japan keeps on hand only one month's supply of the commodities it imports from us.

If current USDA tinkering with supply is problematic, the full-blown version of supply control now being promoted in Congress ought to strike terror in our hearts. One of the main alternatives being proposed for the next farm bill is a scheme to bolster farm prices essentially by creating artificial shortages. The government would take authority over land use and ration farmers' "rights" to plant. Just in case mandatory acreage controls didn't do the trick (current land set-asides are commonly defeated via such practices as denser seeding and exaggerated fertilization), there would also be mandatory controls on what farmers would be allowed to sell.

This policy would indeed keep ag prices high. It would also create all sorts of unwanted feedback effects, wipe out many farm-servicing businesses in rural areas, completely destroy our export sector (two acres out of every five), and turn farmers into low-level employees of a kind of nationwide public utility in charge of food and fiber generation.

If this all sounds too outlandish to have any chance of taking root in the land of the free and the home of the brave, think again. Among other influential sponsors, the main supply-control backer is Richard Gephardt, once-and-maybe-future Democratic candidate for president and present House majority leader. There is one thing to be said in the policy's favor: Even a brief experience with full-fledged supply control would turn the vast bulk of American farmers into craving enthusiasts for free markets in agriculture.

Recognizing that Congress doesn't like to sit on its hands, it makes political sense for any agriculture reformer to suggest more appropriate channels for its intervention. "There are lots of things the government can do to help farmers without writing them a check," says Jim Baxter. An example would be more help with marketing abroad through U.S. embassies. Federal funding for agricultural research, which has been flat for more than a decade but yields high returns, could be increased.

Another thing governments ought to do is tax farms gently. This is particularly important at the state and local level, where many jurisdictions have already instituted agricultural tax abatements. As a group, farmers toil quite hard for relatively modest incomes. Their land assets make them "wealthy" on paper only. Taxing land really doesn't make much sense—land is an input, not a product. We don't tax machinery in factories. We ought to go lightly on farmland as well.

A related matter is the government's direction of the larger economy. "Macroeconomic policy will probably be more important to the well-being of American agriculture in the 1990s than farm policy," says Purdue's Thompson. The wrenching farm traumas of the early 1980s were basically fallout of the stagflation and interest-rate rocket launch of the late 1970s.

Government also must avoid overregulating bioresearch and new agricultural technology, the development of which is critical to the future health of the industry. It ought to avoid, as an instrument of conservation or environmental policy, taking property—or farmers' use of property—without compensation. Within the farm programs, it ought to maximize flexibility in farmers' land-use choices, so acreage can flow in and out of various crops quickly and without penalty to the grower, the better to accommodate shifts in agricultural supply and demand. In general, the Agriculture Department must get out of the business of micromanaging our farm economy from above, interference that has never been worse than in the 1980s.

Instead it could help farmers strengthen themselves. Farmers change slowly, and subsidies often encourage them to be even

Mark Bitz displays turkey products sold under his family's Plainsville Farms label.

JIM COMMENTUCCI

less experimental. If the government is going to be in the business of handing out money it ought to encourage—indeed require—recipients to make use of modern financial information and business practices. For the tiny cost of running most commercial farmers through one of the private courses that teach them how to use futures and options markets, for instance, the Agriculture Department could powerfully bolster their financial savvy and independence. Of course, the best thing the feds could do to encourage a move toward privatized price smoothing and insurance would be to stop giving away the same services for free via price supports.

The "supply control" proposed for the next farm bill would turn farmers into low-level employees of a kind of nationwide public utility in charge of food and fiber production.

Which brings us to the fundamental question of subsidies. The entire history of our farm programs is one of periodic government meddling, rule reversals, and course changes. This very changeability is one of the most damaging aspects of farm subsidies. And the only way to introduce some predictability into our programs is to make *structural* changes that leave no avenue for political intrusion. That is why the best route for U.S. farm policy—albeit a gradualist one, to give the many actors affected time to adjust—would be a policy of privatization. Take the whole thing out of the political process.

We have already suggested that such undertakings as disaster insurance, stockpiling, and credit provision could easily, and often more effectively, be done privately. The same is true of the income protection that subsidies aim to lend. It can be done outside government. One ought not underestimate the political difficulty of achieving this—former Assistant Secretary of Agriculture Don Paarlberg points out that scads of agricultural economists have railed against farm subsidies, as has "every Secretary of Agriculture since World War II." Yet the subsidies persist.

We must understand, however, that it is only political will which is lacking. There are a whole host of alternatives to government manipulation of farm incomes. If not the private commodities markets discussed earlier, possibly the mechanism suggested in the last farm bill debate that would set income supplements by averaging the previous five years' market prices. If not that, maybe a variation of the income insurance scheme run by the Western Grains Stabilization Board in Canada. There, every farmer pays into a pool in good years (with some government matching) and draws out funds during bad seasons. There are dozens of other possibilities if only we will consider them.

Certainly, it would help if any wind-down of U.S. subsidies were accompanied by similar actions in other nations. With agricultural trading thoroughly globalized, inequities in one place can cause pain far away. The United States is now pushing hard on this matter at the GATT international trade negotiations. Success in this area would be a boon not only to American farmers but also to consumers the globe over, who cough up an estimated $150 billion to $250 billion annually to protect crummy farming practices. An end to the agricultural cold wars would be of particular benefit to humankind's poorest number—the peasants of the Third World.

The problem with current farm subsidies is not that they help farmers but that they also harm them, and other Americans, very much—by interfering in critical production decisions, by distorting food product prices, and by compromising producer and consumer freedoms. Our present subsidies are based on production, not income need, and so are lousy even as social transfers. They are also unjust in their effects on different kinds of growers. Worst of all, our farm programs don't really help—as more than a half century of simultaneous subsidization and agricultural turmoil ought to suggest.

The fact is, we will continue to have grave agricultural problems in this country so long as we choose to get money to farmers in ways that prevent farm output from being sold at market prices. It is at this point a simple law of history: Market prices must be respected, they must arbitrate between supply and demand, because the only alternative is for a grossly less fair and efficient decision to be made by some bureaucratic functionary. This even communist governments in China and the Soviet Union have begun to recognize.

There is a creaky old argument that agriculture is a unique industry, a special case, because of its vulnerability to weather and other external factors and because of the importance of food to national security. All that, to the extent it was ever true, is now mostly nonsense, thanks to improved plant genetics and chemicals, modern transportation, new abilities to interchange resources, and a million other little earthquakes that have changed the world in the course of this century. Truth is, the reason we have farm programs today has very little to do with agriculture or the land and a great deal to do with naked political muscle.

The dead hand of diktat economics is something Americans have seen good reason to avoid in other sectors of our national life. It is just as much to be discouraged in agriculture.

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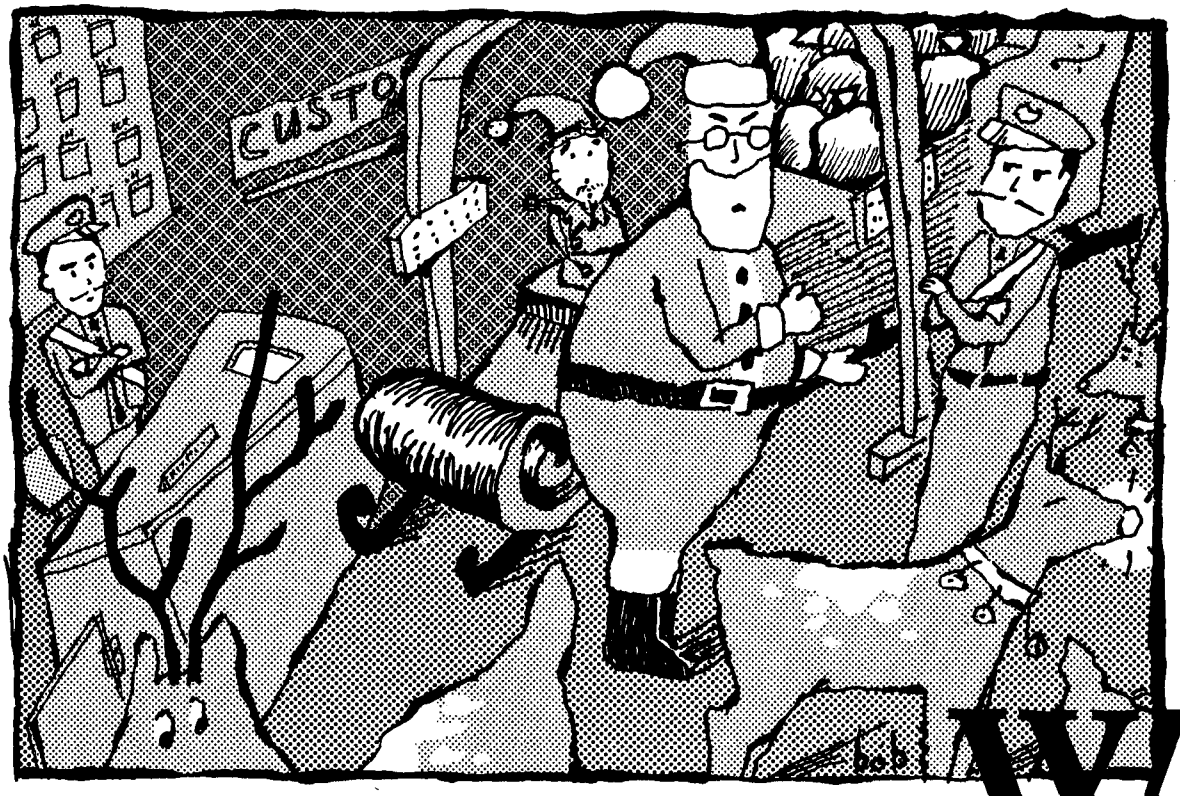


BOB ECKSTEIN

Uncle Sam's protectionist spirit slimes holiday shoppers.

THE GHOST OF CHRISTMAS PRESENTS

BY CHARLES OLIVER

WALK THROUGH any mall in America right now and you will find a familiar tableau. The place is decorated in green and red. Kids sit on Santa's lap and ask him for the latest toys. Parents scour the stores trying to find those toys. The aroma of fresh-baked Christmas cookies fills the air.

But there are some things you won't see. Managers ripping their hair out because a shipment of winter sweaters or holiday wine is stuck in a customs warehouse. Lawyers arguing about what exactly constitutes a doll. Import managers scanning reams of paper—tariff schedules and quota reports—to figure out whether they can bring a shipment of slacks or blouses into the country.

You won't see these things, but they are there, as much a part of Christmas as fruitcake and mistletoe. American trade barriers touch virtually everything connected with Christmas, driving up the prices we pay for presents and giving businesspeople monumental headaches.

Probably no one knows more about those headaches than people in the toy industry, although they're often reluctant to talk about the matter. (One informed source speculates that the big manufacturers may not want to call attention to their many overseas operations.) But it is clear that trade barriers can have a major influence on the toy business, affecting every business decision, from where to locate production to how to classify the product.

As senior vice president for manufacturing at Ideal Toys, Charles Heilbrunner helped introduce Rubik's Cube to the United States. Manufacturers, he says, have to devote a lot of time to reviewing the latest changes in America's tariff schedules and quota limits. "We used to pore over the tariff schedules, trying to figure out how to minimize costs," he recalls.

One way to cut costs is to use toy factories in countries that get more favorable trade treatment—Hong Kong, for example, instead of China. And when the product is actually brought into the country, manufacturers try to convince the Customs Service to place it in a tariff category with a low duty. "We had people who specialized in import classification," recalls Heilbrunner. "Their job was to try to place the product in the category with the lowest tariff. For example, if we had a toy truck with working headlights, we might try to get it classified as a flashlight rather than a toy truck to get a lower tariff."

Is G.I. Joe a doll or not? Is a toy truck a flashlight? Tariffs provoke time-consuming controversies over such weighty issues.

Last year, Hasbro spent months trying to convince the Customs Service that G.I. Joe is not a doll but a toy soldier. Dolls, it seems, are subject to a 12-percent tariff. Toy soldiers are not. Losing that argument, Hasbro took the case to court, getting as far as the D.C. Court of Appeals, which agreed with the Customs Service that G.I. Joe is "a representation of a human being used as a child's plaything"—in other words, a doll.

And once toy makers dole out the doll tax, there's the matter of dressing the little "representations." Doll clothing, you see, is covered by textile quotas, and quotas are even worse to deal with than taxes. A manufacturer can bring all the dolls it can sell into the country, provided it pays the tariff, but the supply of clothing is limited by law. "And," says Heilbrunner, "it's hard to sell a naked doll."

DOLLS, OF COURSE, aren't the only ones getting clothes for Christmas—or suffering from apparel quotas. There are some 800-900 quotas and "voluntary restraint agreements" on textiles and apparel. "Anytime any country begins to export any textile good in some quantity, [the U.S. government] asks to negotiate a restraint agreement," says Cindy Herrera, a Washington, D.C.-based consultant to textile importers. "They call it a voluntary agreement, but if a country does not negotiate, the government will go ahead and impose a quota. It is a brutal program."

The quota system creates a number of problems for clothing importers. Prices can suddenly double as quota rights are bid up. Clothes that have been ordered and paid for can't be brought into the country because quotas have been unexpectedly filled.

As import manager for the catalogue retailer Spiegel, Larry Lifson deals with those problems every day. Besides coordinating shipments from dozens of different countries, Lifson must keep an eye on U.S. quotas and try to keep Spiegel from bringing in goods after a quota has been filled. If goods are brought into the country after a quota has been filled, Lifson must either ship them back overseas or allow customs to impound the goods until the next year's quota opens. Neither alternative pleases Lifson.

It sounds simple enough. Each month, the government issues updates that tell importers how close a quota is to being filled. "All the government is telling you, though, is what actually entered into customs," cautions Lifson. "The government could show you only 95-percent filled, but by the time you ship, the other 5 percent could come in and [the quota] is filled."

So no matter how careful an importer is, occasionally he brings in a shipment exceeding the quota limits. Talk to anyone in the apparel business, and he'll tell you about at least one shipment of sweaters or pants stuck in some customs warehouse. Despite Spiegel's close attention to customs reports and its watchful eye on other importers, Lifson says the company had an expensive shipment of women's slacks from Hong Kong impounded a couple of years ago. "Before I came on board," he notes.

Importers also complain about what the quotas do to the prices they pay for clothes. In many countries, most notoriously Hong Kong, the right to fill a U.S. quota is bought and sold on the open market. Bidding on these rights can cause unexpected jumps in the price importers must pay for clothing.

"Quota prices can skyrocket at times for hot categories. Right now, Chinese sweaters are very hot," says Lifson. "The price of the quota can be higher than the price of the item. If you want to buy that item in that country, you have to pay a substantial increase, and of course, you'll probably have to pay an import duty, too."

Even under normal circumstances, quota rights can account for a large percentage of the price of a good. "On a $20 sweater, the quota price can be $8," says Lifson.

Filled quotas and unexpected jumps in prices can obviously ruin the best-laid plans of any business. To ensure a steady flow of goods, Spiegel and the other larger retailers maintain an

intricate system of backup sources. "We often double source," says Lifson. "We'll place an order in Hong Kong but have a backup source in another country or domestically. If something happens with the quotas, we aren't locked into one market."

But smaller retailers do not always have the luxury of numerous backup sources. For them, impounded shipments and sudden surges in quota prices are not just minor irritations; they can lead to unfilled orders and lost customers.

Lost shipments, bidding on quota rights, finding backup sources—they all add up to one thing: higher prices for consumers. Georgetown University economist Gary Hufbauer estimates that Americans paid an extra $25 billion to $30 billion last year for clothing because of protectionism. Think about that the next time you find—and can't afford—that perfect shirt for your husband or skirt for your mother.

AND WHEN YOU ARE OUT BUYING Christmas snacks, you might want to ponder U.S. sugar quotas. During the 1980s, the federal government steadily tightened limits on imported sugar, reducing the foreign share of the American market from about half to only 8 percent. At the same time, the domestic price of sugar has risen to about double the world price. Economists estimate that higher sugar prices cost consumers about $3 billion each year. Those high prices have also helped foreign candy makers swipe business from American companies.

Sugar quotas are a sweet deal for makers of corn syrup and domestic sugar producers, but they hurt consumers and U.S. candy makers.

One of the victims of U.S. sugar policy is Bob's Candy, a hard-candy maker specializing in candy canes. If you live in the South or along the eastern seaboard, chances are that the candy canes on your tree came from Bob's factory in Albany, Georgia. But that may change.

"Because of sugar quotas, the price we pay for raw materials is about double what our foreign competitors pay," explains Greg McCormick, president of Bob's Candy. Because of the price differential, foreign firms can undercut American candy makers. Until 1981, foreign share was declining. But McCormick claims there has been a 250-percent increase in imports of hard candy since the government started tightening sugar quotas. Bob's is facing growing competition from a Yugoslavian company.

Candy canes are about 60 percent sugar, so higher prices obviously hit Bob's hard. But sugar quotas have also raised prices in a less obvious way. As sugar prices skyrocketed, cola manufacturers and anyone else who could substitute cheaper corn sweeteners made the switch. In response, the corn-sweetener people jacked up their price to just below that of sugar. The other 40 percent of candy canes is mostly corn sweetener.

"Except for the ingredients, our costs are generally lower than foreign firms'," says McCormick. "If not for the sugar quotas, we could be exporting candy, not worrying about foreign competitors. But the quotas have pretty much made that impossible."

WHAT DO YOU GIVE to the person who has everything—or the person you don't know all that well? To this seasonal dilemma, a bottle of wine or selection of cheeses often seems the perfect solution. Yet quotas reach even into the nation's gourmet food stores.

"The quota [on wine] is high enough that it is not likely to be reached," says Bob Berning, a wine buyer for Trader Joe's, a West Coast chain of gourmet food stores. "But since customs must record each shipment, it delays those containers for two or three days. The way I look at it, it's harassment."

Storing wine in government warehouses for two or three days, filling out paperwork, and guiding shipments through customs add to the cost of imported wine. "About 23 cents a bottle," says Berning.

Berning's colleague Leroy Watson started Trader Joe's cheese import program about 15 years ago. Soon after that, the government began to require all cheese importers to obtain a federal license. "The people in business at the time were granted a license to bring in the amount of cheese they were then importing," Watson explains. "The problem is that newcomers have no real opportunity to get a license."

And it's "almost impossible" for a retailer with a license to get an increase in the amount it imports unless it buys someone else's license, says Watson. "We were licensed for about 75,000 pounds, and that hasn't increased significantly. We could sell 100,000 pounds or more, if we could bring it in."

Further, federal licensing brings an assortment of seemingly inexplicable regulations. For example, Watson says that he must bring in two 10,000-pound shipments each year. One large shipment or several smaller shipments will not meet the requirement; the importer must bring in the number and size of shipments required by the government. The requirement seems to serve no purpose other than to bind an importer's hands with red tape.

By limiting the supply of imported cheese, licensing drives up the price. "In some cases, people pay up to 50 cents a pound extra," says Watson.

Totaling it all up, Georgetown's Hufbauer estimates that U.S. trade barriers cost American consumers about $80 billion each year. Talk about Christmas spirit! Ripping off consumers, forcing up prices, leaving baby dolls naked, running candy cane makers out of business—compared to Uncle Sam, Ebenezer Scrooge was a kind old man. ◼

Charles Oliver is assistant editor of REASON.

SNARING THE CHICAGO 46

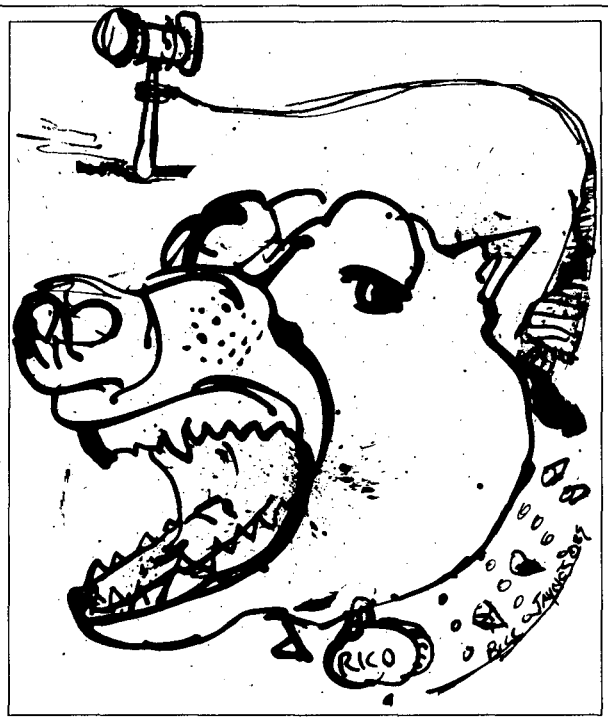
BY TRADER X

For those who think show trials are limited to Stalin's Russia or Deng's China, welcome to present-day Chicago.

Last summer, U.S. Attorney Anton Valukas announced the indictment of 46 participants in Chicago's commodities and financial futures exchanges. Arrayed and beaming behind him for the benefit of the cameras were U.S. Attorney General Richard Thornburgh, FBI Director William Sessions, and Commodity Futures Trading Commission Chairman Wendy Gramm.

The well-attended press conference resembled grammar school "show and tell" more than an exercise of government. It featured stacks of press releases and colorful biographies of the defendants. The media event served its purpose, resulting in a front-page story (above the fold) in the next day's *New York Times*. But contrary to the impression created by the news coverage and by the hundreds of thousands of dollars spent on the case, most of the infractions involved were quite minor. In fact, the cost of the investigation far exceeded the cost of the alleged crimes.

My experience during nearly 30 years in the commodities business and my conversations with some of the indicted traders and their lawyers, friends, and relatives lead me to conclude that the exchanges are under siege by government prosecutors whose targets are completely arbitrary. I wasn't one of those indicted, but I easily might have been. That's why I must remain anonymous. In the course of filing scores of weekly reports and recording tens of thousands of annual transactions, I'm sure I've made some mistakes. And anyone in such a vulnerable industry who publicly criticizes the U.S. attorney could find himself at the mercy of unchecked legal power.



The fatal mistake made by the first 46 to be indicted was to stand too close to undercover agents wearing hidden microphones. If the government had provided enough agents and microphones, it could have indicted every single trader. When everyone is guilty, one has to suspect that the law is unjust. Indeed, a close analysis of the charges reveals that they fall roughly equally into four classes, only one of which involves behavior that warrants criminal sanction.

Some traders were doing their jobs and would have been negligent to do otherwise. For example, traders with cross-orders (one to buy and one to sell) often fill them noncompetitively with other brokers rather than through open outcry. This practice benefits the customer, who otherwise would lose a small margin. Yet, to the federal prosecutors, this common practice constituted an indictable offense. As the head of a brokerage firm, I would have fired anyone who *didn't* violate this rule.

Some traders allegedly violated trivial exchange rules that are generally ignored. An example is "curb trading"—trading after the market closes, which enables a broker to settle odd trades a minute or two past deadline. This practice helps customers by allowing brokers to execute orders more efficiently. Prosecuting this technical violation as a federal crime actually damages exchange efficiency instead of promoting it. (Both curb trading and cross-orders have been legal at exchanges in New York.)

Some traders allegedly violated formal rules and should be punished moderately by the exchanges. For example, the government indicted a broker who allegedly made a trade with a federal agent at a certain price and made other trades at better prices with other pit traders. When the federal agent questioned his allocation, the broker changed the price to the agent's advantage. The broker realized no benefit for himself, and the amount involved totaled about $500. For this technical violation, he was charged with a felony and faces the permanent loss of his livelihood through harsh exchange disciplinary action.

Finally, some traders allegedly stole from their customers. Such a trader might have received an order to buy soybeans at $6.50 a bushel. But if the market was fast and he filled the order at a lower price, the customer should have received the difference. The unethical trader instead took the difference for himself or arranged to award it to a confederate. This is clearly illegal, and such traders ought to be prosecuted.

Given that only about a quarter of the indictments fall into this last category, the government's tactics in the case were highly questionable. The prosecutors used methods more appropriate for inves-

BILL JAYNES

tigating terrorists or contract murderers. Government agents befriended traders, visited their homes, and shared their meals. They attended their parties, played with their children, and won their trust. They deluded the defendants and then ensnared them in order to prosecute what was primarily the moral equivalent of jaywalking.

Some indictments were issued through midnight raids on people's homes, a tactic usually reserved for suspects who are armed and dangerous. Many defendants weren't told the specifics of all the charges against them, enabling prosecutors to negotiate plea bargains on lesser counts by threatening to prosecute additional charges.

The investigation was further tainted by its apparent use as a vehicle for revenge by a large agribusiness firm that had longstanding quarrels with the Chicago Board of Trade. Knowing that government agents were standing nearby, the company repeatedly rushed in orders after the close of trade. To fill those orders—to better serve their customers!—the brokers traded after the market had officially closed, under the observation of federal agents.

Perhaps most alarming of all is the way federal prosecutors manipulated the press to aid their investigation. The *Chicago Tribune* broke the news of a federal commodities-trading probe last January and followed up with six months of reporting under 20 different bylines. But, as David L. Protess says in a recent issue of *Columbia Journalism Review*, "What began as a government leak swiftly became a torrent of intrusively gathered news stories that were frequently misleading and sometimes inaccurate." Protess claims that the *Tribune* simply published information leaked by anonymous federal sources. Those sources clearly expected to receive prominent and favorable news coverage. They also hoped to create a panic among traders that would produce a spate of new informants. Protess describes the whole episode as "nothing but leak journalism."

The publicity most obviously serves the interests of Valukas, the U.S. attorney in charge of the case. Prosecutors have always been tempted to prosecute their way into public office. Long-time Illinois Gov. James R. Thompson came to fame as the prosecutor of former Gov. Otto Kerner.

More recently, Rudolph Giuliani parlayed reckless prosecutions into a shot at the mayor's office in New York City. To curb this tendency, it is necessary to stop prosecutors from reaping immediate political benefit from their show trials. Legislation should be enacted to bar federal prosecutors from seeking elected public office for at least five years following their tenure.

Government agents befriended traders, visited their homes, and shared their meals. They attended their parties, played with their children, and won their trust. They deluded the defendants and then ensnared them in order to prosecute them for the moral equivalent of jaywalking.

Furthermore, we need to rein in the arbitrary prosecutorial power recently unleashed on the futures industry. We can start by limiting the application of the open-ended Racketeer Influenced and Corrupt Organizations (RICO) statute, which Valukas used to literally make a federal case out of marginal violations. RICO was written to aid the prosecution of mobsters, but industrious government lawyers such as Giuliani have turned it into a catch-all. RICO has been used in recent months to prosecute small businessmen who failed to pay state sales taxes, anti-abortion protesters, and, now, commodities brokers. Congress created this monster; it should be hounded to reform it.

In close to three decades in the commodities business, I've witnessed plenty of corruption. But intrusive federal regulations and grandstanding prosecutions won't reduce it. Although the recent Justice Department investigation may end up snaring hundreds of traders, the biggest crooks remain unaffected. For example, many traders in the S&P 500 stock index futures pit are noted among professional brokers for shortchanging customers and cheating their colleagues. Yet traders in that pit were savvy enough to suspect their government-issue colleagues, and the investigation so far has failed to indict a single S&P trader.

There are ways in which the futures industry could clean its own house. The most obvious change, monitoring the competence of brokers, would enhance market efficiency and integrity without requiring massive governmental intervention.

In the process of cheating customers, a dishonest floor trader fills orders badly, just like an incompetent broker. An important indicator of broker incompetence is "slippage," the difference between the market price and the price at which a trade is actually made. In their own interest and as part of their fiduciary responsibility, brokerage firms should review the performance of traders and get rid of those whose transactions show excessive slippage. By moving to eliminate incompetent brokers, the exchanges would also eliminate the dishonest ones.

Until RICO is revamped and federal prosecutors are discouraged from pursuing cases for their publicity value, the show trials will continue. And so will the outrageous investigatory tactics, manipulation of the media, and unchecked ruthlessness and raw ambition flaunted by federal prosecutors in Chicago.

Trader X is the pseudonym of a Chicago commodities trader who served as the head of a major brokerage firm.

A COMMONS PROBLEM

BY ERIC FELTEN

Dan Rostenkowski has had a rough time recently. Not only did six Democrats on his House Ways and Means Committee defect and vote for a capital gains tax cut, but Rostenkowski found himself one of the few voices pleading for the Catastrophic Care Act, which, for all his protestations, the House voted to repeal 360-66.

YOU DON'T NEED A WEATHERMAN TO TELL WHICH WAY THE WIND BLOWS— A CONGRESSMAN WILL DO JUST FINE.

"The House is in full retreat," Rostenkowski sniffed. He said that the repeal effort was supported by only a minority of seniors. Yet Congress's mail suggested otherwise. Rep. Steve Gunderson (R-Wis.), for example, received 2,172 letters urging him to get rid of the program. Only one person wrote asking him to vote to keep it. Rep. Bill Paxon (R-N.Y.) received 3,807 letters, all asking for repeal. Rostenkowski argued that the tide of battle would turn, that the majority of seniors would speak up in favor of their benefits. But when he left the House, he, too, was in retreat. He was met by a phalanx of seniors who surrounded his car, blocked his escape, and heaped abuse on him.

Rostenkowski's difficulties aside, the vote on catastrophic care was astounding: It was the first time a major entitlement program was dismantled. That the political will existed to end the program even before it had really begun ought to be no surprise, however.

Though the package was to protect seniors from the overwhelming cost of a major illness, it did not protect them from the overwhelming cost of paying for the program. Here the act was significantly different from other entitlement programs. Most programs give benefits to a subsection of the population and are financed broadly by all taxpayers. The catastrophic care program would have given benefits to a subsection of the population—seniors. But it would have financed the benefits with taxes on a portion of that subsection—wealthy and middle-income seniors. This rare approach was the idea of the Reagan administration, which demanded that the program be self-financing. As Congress added to the benefits originally proposed by the administration, the costs of the program exploded, and seniors were given the bill for an expensive program that many did not need.

Most of the discussion of the catastrophic care repeal has focused on the conflict of interests between poor seniors and wealthy ones. Rostenkowski argued that the poor outnumber the rich and simply needed to be mobilized for the program to be reinstated. "Mark my words," Rostenkowki said of the supposed majority of seniors who would benefit from the program, "their voices will be heard in this chamber in the very near future."

He may be right. But more illuminating than the conflict between the rich and the poor or the question of how long it will take to mobilize the poor is the change in the interests of wealthy and middle-income seniors.

Those seniors who lobbied for repeal argued that they already have pension plans and private insurance that quite adequately protect them, and they resented paying up to $800 apiece each year for benefits they already have. But is there any question that had the program been funded through general revenues most of these seniors would have heralded the plan and promptly signed up for the benefits? The question of whether private or public insurance is more cost-effective would have never been raised by them. When a program is financed by everyone, self-interest compels each of us to take as many of the benefits as possible.

Unfortunately, most government programs are set up this way. We each have an incentive to grab as large a share of the public pie as possible, even though we know that our taxes must go up to pay for these services. This is a classic example of what economists call a commons problem.

The term comes from Garret Hardin's account of overgrazing on public, or common, pastures. Each farmer could put as many cows as he wanted on the commons and would own the milk that his cattle produced. But the cost of maintaining the pasture was divided equally among all farmers. Each then had an incentive to put as many animals on the commons as he could. A farmer received the full benefit of his animals but paid only a fraction of the cost of their upkeep. The pasture was soon overgrazed, and the value of all the animals fell as they lost weight; but there was no incentive for a farmer to remove any cattle because the benefit would be shared with everyone, including farmers who removed no cattle.

Commons problems, similar to that

described by Hardin, are all around us: air pollution, highway traffic, littering. And it appears that government money, too, fits the model—like an all-you-can-eat buffet at which we eat more than we want or need because we've paid the price of admission. Unlike most entitlement programs, however, catastrophic care did not fit that model. Rather, at least for wealthy and middle-income seniors, there was some link between costs and benefits.

The structure of catastrophic care, albeit unwittingly, reflected the kind of solution economists usually suggest to solve commons problems—bring costs and benefits together. For example, we may want to make our buffet a cafeteria, where we each pay for as much as we eat. The solution for the farmers was for each to own the land on which his cattle grazed.

These are solutions based on the assignment of property rights. It is unclear how similar rights can be assigned to break the logic of the entitlement commons. Perhaps the best that can be done is to tie costs to benefits as the catastrophic care program tried to do. That, however, is unlikely to happen any time soon. Congressional leaders, burned by the catastrophic care revolt, are already talking about a revised program in which funding would be "fairer." In other words, next time, they'll keep costs as far away from benefits as possible.

Pundits often point to the deficit and say it shows that Americans want expensive government services but are unwilling to pay for them. Usually, their conclusion is that taxes should be raised to cover the costs of the programs that we appear to want.

But our seemingly insatiable appetite for government services may not reflect the amount we really want, or, at least, the amount we want badly enough to pay for. Our appetite may simply be a function of the logic of the commons. Until we pay directly for the services we receive, we will never know how many government programs Americans really want. As long as government money is treated as a commons, we will all overgraze.

Eric Felten covers Congress for Insight *magazine.*

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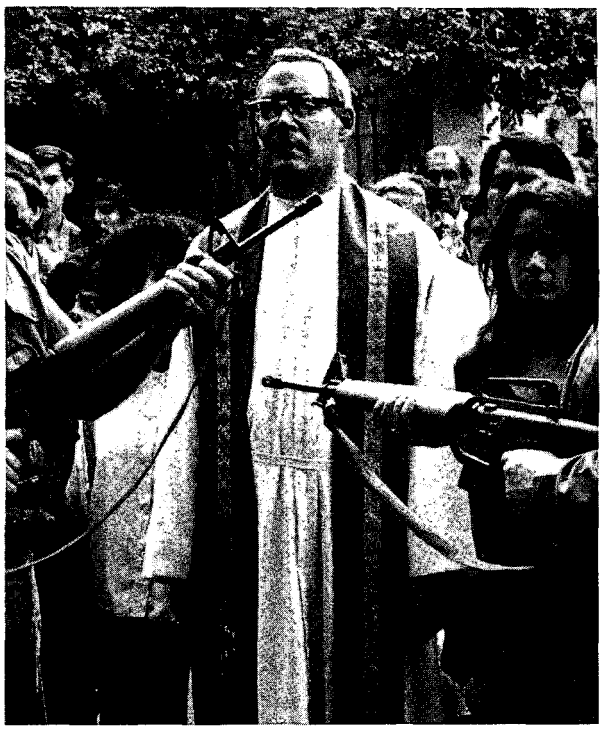
LIBERATION CINEMA

BY ROBERT A. SIRICO

A dear friend of mine with impeccably libertarian credentials recently wrote these speculative words to me: "I've often wondered what I would do if I were a theologian in some Latin American country confronting the frequently terrible consequences of the country's feudalism. I had been taught to call the economy 'capitalism,' for which there was no remedy except that touted by the communists. I'd probably try to work out some improbable modus vivendi between my Christianity and their Marxism!"

The result, of course, would be liberation theology.

I thought of these words as I viewed the movie *Romero*, produced by my brother Paulist, Father Ellwood Kieser, who has labored in Hollywood for some 30 years in an attempt to live out the ideal of the founder of our order, Isaac Hecker, by "presenting old truths in new forms." I felt a deep sense of pride as I saw emblazoned across the black screen in scarlet letters the words *Paulist Pictures*, knowing that this was the first time a Catholic production company had produced a major motion picture. It is a respectable, though flawed, accomplishment.



Raul Julia as Archbishop Romero: a complex man in an over-simplified situation

The movie relates the tragic and heroic story of Salvadoran Archbishop Oscar Romero, who was assassinated while celebrating Mass almost 10 years ago. By all accounts Romero was a quiet, frail, and conservative churchman, initially thought to be a good compromise candidate not likely to rock an ecclesiastical boat already racked by external pressures and internal dissension. He ended up directly challenging the government of Carlos Humberto Romero (no relation). His assassins have never been brought to justice.

The movie, which stars Raul Julia (*Kiss of the Spider Woman*) in the title role, is intense, at times moving, but overall too didactic. It lumbers along, inexorably, in a heavy, almost smothering manner, from one tragic scene to the next, causing me at times to feel as though I were watching it under water. The movie never allows the viewer to come up for air. The film's redemption is Julia, who is superb in playing this timid, sincere, and tortured soul caught in the conflagration among death squads who kill his priests and catechists, governmental troops who desecrate the Blessed Sacrament, and an aggressive band of guerrillas who themselves do not shy away from murder in their attempt to gain control of the country. Julia convincingly allows his character to evolve into a virtual Old Testament prophet figure. Not enough good can be said about the subtlety and restraint he brings to his performance.

There is more to this film than Julia's performance, however. While *Romero* succeeds in portraying the courage and complexity of the archbishop, it fails to display the same complexity when dealing with the volatile political context from which his heroism emerged.

It would have been impossible for this film not to have had a political slant, and writer John Sacret Young (co-creator of TV's "China Beach" series) surely gives it one. The script is intent on placing a relatively undefined liberation theology into the mouths of the film's most sympathetic characters. The guerrillas, and a number of hard-working priests in various relations to them, are portrayed as basically idealistic and decent folk who have been driven to the use of kidnapping, torture, and murder by the true villains: greedy capitalists in collusion with the military.

Every single statement in the film in favor of the free market—of the aspirations of the Salvadoran people to North American living standards, of the role of the entrepreneur as a producer who brings capital into the country for its overall benefit—is articulated by the most sinister, cynical, and bloodthirsty characters in the film. Thus, solidarity with the poor comes to mean solidarity with socialist revolutionaries while the free enterprise of the North is axiomatically identified with the feudal interests of the South.

And here is where the film, and liberation theology itself, is for me most frustrating. After all, what would the actual liberation of the poor from unjust social and economic structures mean if not a generally prosperous economy and a large middle class? And where do such societies exist if not in North America and those areas of the world that emulate its basically, though inconsistently, free-market arrangements? How is it that

when a Romero (correctly) opposes repression in Salvador he is cheered as a prophet by the popular culture but when a John Paul II opposes it in Nicaragua he is characterized as a reactionary?

The real liberation of Salvador is not advanced by a denial of mistaken U.S. interventions or by an uncritical defense of what Supreme Court Justice Anthony Kennedy has recently termed "totalitarian regimes of the right." But neither is anything gained by a romanticized view of self-identified Marxist guerrillas, or, for that matter, priests who collaborate and sympathize with them.

The film's gaping philosophical lacuna is seen when Romero reprimands one of his gun-toting priests. The priest defends himself by saying, "I'm a priest who sees Marxists and Christians struggling to liberate the same people." The archbishop replies, "You lose God just as they have."

My concern here is not the use of violence *per se* in response to longstanding oppression. Such force can be a moral imperative under certain circumstances and with specific preconditions, which Pope Paul VI outlined in his encyclical *Populorum Progressio*. No, my problem is much less with the tactic than with where groups like the FMLN want to take Salvador. Marxists haven't lost God because they use violence to liberate people, but because they use violence to enslave people.

With all of the ample historical evidence at hand, it continues to amaze me that this point is missed. Can anyone make a plausible case that the Marxists of Nicaragua, along with *their* clerical allies, have liberated that sorry land?

Art should point beyond itself to broaden the viewer's perspective. While *Romero* may succeed at this, to some extent, in its portrayal of the archbishop himself, it fails to enlarge our view of the situation in Salvador. It fails with regard to Salvador precisely because it oversimplifies the ideological war being waged there even while it provides a compelling, indeed vivid, view of its physical dimensions. The problems of Latin America in general and Salvador in particular, where religion, economics, and politics (ecclesiastical and secular) collide into each other like cars in a Boston roundabout, will not, I'm afraid, be rendered any more comprehensible by the appearance of *Romero*.

Father Kieser is a quintessential Paulist in his commitment to confronting the popular culture with the challenge of the gospel on its own turf and in its own idiom. He inspires me to emulate that talented commitment, though I think I'll do it with a different understanding of politics and economics than that indicated in *Romero*.

Robert A. Sirico is a Paulist priest on the staff of the Catholic Information Center in Grand Rapids, Michigan.

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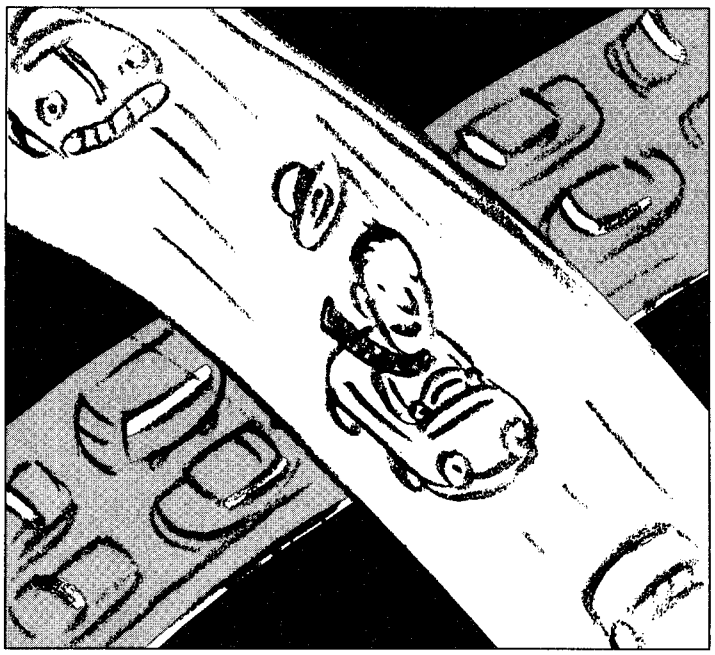
PRIVATE EXTENSION

BY PETER SAMUEL



For most of the last century, the road running from Washington, D.C., to Leesburg, Virginia, was privately owned and operated. It still bears the name Leesburg Pike, from the days when staves barred the traveler's way until the toll was paid. Now, more commonly known as Route 7, the state highway runs on the roadbed cut and filled by the Leesburg Turnpike Company in the 1780s.

Just south of Route 7, the first modern-day private toll road corporation plans to build another highway linking Washington to Leesburg. An extension of the government-run Dulles Toll Road, it is likely to be the first completely commercial thoroughfare to open since the demise of private turnpikes in the late 19th century.

At the center of the project is Ralph Stanley, the 37-year-old founder and director of the Toll Road Corporation of Virginia. Stanley, a Republican activist and former head of the Urban Mass Transit Administration, lobbied hard for legal permission to start his company. In 1988, the politicians in Richmond passed the Virginia Highway Corporation Act, establishing a legal framework for private road companies and repealing a 1950s ban on charging tolls for profit.

Stanley's company jumped its major administrative and political hurdle last July 20, when it received a permit from the Virginia Commonwealth Transportation Board for a Dulles Toll Road Extension connecting Dulles Airport to Leesburg, a little colonial town on the fringe of the expanding greater Washington area. The company must also file a detailed financial plan, including projected tolls and return on capital, with the State Corporations Commission, which regulates utility companies. Once the firm gets its certificate of authority for the project, all governmental obstacles will be behind it. Stanley hopes that by then he will have acquired the remaining land needed for the project and have capital in place to break ground in early 1990.

A former Reaganite privatizer, Ralph Stanley happens to believe in private transportation. Moreover, some of the Richmond politicians, especially Gov. Gerald T. Baliles, have advocated making use of the private sector to build public facilities. But necessity, not ideology, has been the mother of the private turnpike's reinvention.

The demand for road space on the outskirts of Washington cannot be satisfied by traditional state means. In the 1960s and '70s, road building was sadly neglected, and politicians are now under pressure to make up for the lost decades. The prospect of gridlock in suburbia has become the number-one political issue out here.

Another major factor in the success of Stanley's proposal for a private toll road is the existence nearby of the successful, albeit state-owned, Dulles Toll Road. Completed in 1985 by the Virginia Department of Transportation for some $55 million, this 12-mile expressway consists of lanes running parallel to the long-established Dulles Airport Access Road. The Dulles Toll Road has been such a success that the Virginia Department of Transportation is making a tidy profit and is planning to widen the road from four toll lanes to six.

The department is also considering a privately financed subway line in the median of what will shortly be a 10-lane road system. The government of Virginia, responsive to political pressures, is trying to look after today's voters. But beyond Dulles Airport, in the farmland that is sprouting its first housing estates, the consensus is that major new highways should be built by private enterprise.

Stanley's strategy has been to form a consortium of people with established track records. He has one of the East Coast's largest highway building contractors, Kiewit Eastern Company, as a shareholder and almost certain builder of the road; the well-known Parsons, Brinckerhoff, Quade and Douglas Inc. and Vollmer Associates as consulting engineers and traffic planners; and Goldman Sachs and Wheat First Securities Inc. as financial advisers and possible underwriters.

By setting up shop virtually on site, Stanley has been able to deal directly on a daily basis with two very important interest groups—landowners and environmentalists. There are 17 landowners in the 15-mile corridor over

DAVE BHANG

which the highway is to run. Most of these expect urbanization, so they are generally sympathetic to the road. Unlike the state highway agency, Stanley's company cannot rely on eminent domain to seize land; it must negotiate equitable terms with each landowner.

Stanley's aim has been to get property owners to donate most of the needed land in return for the accessibility provided by the highway. The corporation is basing its pitch to landowners on the speed with which it claims it can build the road—two years, compared to the four years or more it would take the state. This approach, Stanley says, can save $100 million that the Virginia Department of Transportation would have had to pay to acquire land for the road.

Stanley says his road is also environmentally superior. His staff says the highway has been planned to avoid wetlands and cross rivers at points where environmental disturbance will be minimal. Halfway along, the road line shifts several hundred feet south to avoid a school. The corporation obviously needs the good will of the locals, including the landowners. But Stanley says he is not allowing developers to invest in his corporation because he does not want his project written off as being dictated by developers.

Stanley says the corporation's traffic and financial projections show the road will lose money for five to seven years, but it will be funded as a 30-year project. Construction will cost $120 million; an additional $30 million will be raised at the start to cover financing costs and the anticipated early-year losses. Stanley wants to open the road by early 1992.

The Virginia Department of Transportation has reacted ambivalently to the private extension plan. It has never flatly opposed the project, but at Stanley's hearings before the state transportation board, the department put forward its own counterproposal, suggesting that the state build the extension after all, using a mix of government-guaranteed bonds and profits from the existing toll road. Transportation department spokesmen said the counterproposal, which was rejected, was intended to make the point that if the private-enterprise scheme collapses for some reason, the state will be prepared to fill the breach.

Stanley, for his part, says transportation officials are understandably skeptical about whether his little company can raise the money for the project. But he says the pressure on the state to build roads is so enormous that many officials welcome private construction.

Although no one has attacked Stanley's idea directly, opponents of private enterprise have tacked conditions onto approval of the extension project, treating his corporation like a monopoly utility. Under the law passed last year, the company is subject to detailed regulation of its tolls and conditions of service.

Stanley has accepted the regulatory regime, but he points out that his road will face competition. To the north, the old Leesburg Pike (Route 7) will provide an alternative route for motorists, and roads to the south and west could also take traffic away from the extension if the tolls are too high.

Stanley wants to charge close to 10 cents a mile, about the same charge (in 1992 dollars) as motorists face on the existing Dulles Toll Road. He says regular users of his road will not have to stop at tollgates. Instead, he intends to equip the regulars with vehicle identification devices that enable a machine embedded in the road to record their trips as they drive over; the drivers will then be billed monthly. Stanley says such a system can increase the capacity of a toll road by 20 to 30 percent.

He has to seize a fleeting opportunity. With the state road builders overstretched, developers and the public wanting his road, and investors willing to consider the project, he has to pull the whole thing together quickly. The arithmetic of interest on debt will not allow his project to stay on ice the way state highways do, buffeted for years by the vicissitudes of local politics. The Toll Road Corporation of Virginia has to build or die.

Contributing Editor Peter Samuel is a Washington journalist.

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BACK IN THE USSR

BY DEROY MURDOCK

After discussing politics and human rights openly for four hours in a Moscow apartment, a group of American journalists and their Russian-dissident hosts strolled through Pushkin Park. As they crossed a small residential street, a Soviet militia vehicle slowed down and let the eight pedestrians go past. The police car rolled forward a bit, then stalled completely. As the Americans and their new friends walked to a restaurant for dinner, they could hear gears grinding loudly a block away as the Soviet cops tried to restart their engine.

Glasnost proceeds apace, with the scope of permissible public discourse and political activity expanding daily. However, *glasnost*'s reformist sibling, *perestroika*, seems stalled in the starting gate. Mikhail Gorbachev's campaign to restructure Soviet society and the Soviet economy has so far demonstrated few tangible results. As a contemporary Russian proverb says, the old dog's leash has been lengthened and it can bark as loudly as it wants, but its dinner dish has been moved farther away.

Beyond police cars with faulty transmissions, the USSR suffers from disrepair, poor hygiene, and a dearth of consumer goods. While there was a bit of good news to be found in Moscow, Leningrad, and Tallinn, Estonia, Gorbachev's experiment appears to have produced few tangible improvements in the Soviet economy.

Poor maintenance has left much of Moscow and Leningrad begging for scaffolding. Many buildings could use the skills of a team of plasterers and painters. The Cosmos Hotel, one of Moscow's best tourist establishments, boasts torn leather furniture in the lobby, peeling paneling in guest rooms, and threadbare carpeting throughout.

At the official Novosti Press Agency in central Moscow the men's bathroom just off the main lobby comes equipped with three commodes, all lacking toilet seats. None of the stalls has toilet paper. One of them does have torn-up newspaper and old office documents for the same purpose.

A common sight on busy Soviet streets are the *gazirovannya voda* machines. They are akin to American fountains but dispense mineral water for a few *kopecks* per customer. Each machine is equipped with one glass from which all patrons drink. The glasses are said to be changed nightly.

Glasnost proceeds apace, but its reformist sibling, perestroika, seems stalled.

The lines in which Soviets stand day and night are a grim and ubiquitous reality of daily life in the USSR. Thirty people were lined up in Moscow waiting to buy coffee one morning. At the massive GUM Department Store, about 40 women queued up to buy purses and other goods at a leather shop. Just a block from Red Square, 88 Soviets lined up to buy single cones of vanilla ice cream. Interestingly enough, they left the small stand gleefully looking as if their scoops had been sprinkled with solid gold nuggets.

In a sense, the lines are not so bad. They at least indicate that something is available. Often, basic items vanish entirely. "In April there was no toothpaste," an Intourist guide announced at lunch. During the same meal, a curly-haired waitress came by and explained, "Excuse. No cream today." Coffee and tea would have to be consumed black.

It is popular in the USSR to give small presents when meeting people. These days, a gift of a small hotel-style bar of soap is highly appreciated. Like sugar, bath soap is now rationed in Leningrad.

Soviet grocery stores reflect this same level of scarcity. The *Gastronom* food store at 180 *Prospekt Mira* (or Peace Street) reeked of stale fish when I visited it one Saturday afternoon. The shelves contained about 100 identical containers of canned fish, seven huge wheels of cheese, some milk, about four dozen eggs, dried sardines, and a produce section that contained only cabbage, cauliflower, a few evaporated tomatoes, and a basket of small, dry apricots. Several display cases were entirely empty. The liquor section was well stocked but had few customers. The candy section had a wide variety and was swarmed, with about 20 people vying to have their orders filled.

For tourists, the Soviet Union offers very little in the way of souvenir spoils. The official *beriozka* stores sell vodka, caviar, lacquer boxes, and brightly colored dolls within dolls. On the streets, black marketeers sell lapel pins, military watches and T-shirts that say "Pepsi Cola" in Russian. But even the shirts are made in Peru.

Despite the dismal state of the Soviet economy, the growing cooperative movement provides a measure of encouragement. Gorbachev has permitted private businesses, or cooperatives, to function so long as they first register with the government. Entrepreneurs have established several private restaurants and retail establishments. And there has even been some talk of several cooperatives banding together to create a private bank, but apparently this initiative has encountered serious opposition from Soviet authorities.

Pizza Express, a cooperative res-

taurant in Leningrad, serves unusually tasty meals of pasta, steak, salads, and pizza. Its attractive menu in English, Finnish, and Russian announces, "Your call—our delivery!" For 2.90 rubles, it will deliver anywhere in Leningrad. The restaurant takes only hard currency and credit cards but offers a clean, cozy environment, air conditioning, and rock music—rarities in Leningrad.

But cooperatives face serious problems. Since they operate outside of socialist economic tenets and set their prices according to supply and demand, meals in cooperative restaurants and the goods sold by cooperative stores are often outside the budgets of many Soviet citizens. At the same time, they buy food and other supplies to which common Soviets would otherwise have access. The result is that many Soviets regard the cooperatives with contempt and resentment rather than admiration.

The cooperatives have also fallen victim to a disturbing phenomenon that has recently surfaced in the USSR. A "Mafia" has emerged that preys on these new businesspeople, charging them protection money and smashing the windows, crushing the limbs, and bombing the shops of those who don't cooperate. One manager complained to the Soviet magazine *Ogonyok*, "The dream of an honest private business has died. If I had known what this was going to be like before I started, I never would have gotten into it. Now I have to fear for my wife and my child and my business."

Soviet citizens seem to have mixed feelings about *perestroika*'s chances for success. "I have no hope for the future," says Felix, a dining car attendant on a Soviet train to Leningrad. "This is a big country. This is a great country. But now it is asleep. People are drunk."

Felix's inventory in the snack car consists of slightly cooled Pepsis and big Kern's-style glass jars of green peas. "I make 200 rubles a month," he says. "That's nothing. If I work hard, I make 200 rubles. If someone else works bad, he makes 200 rubles. So why should I work hard?" Felix looks around at the two items he has for sale and says, "If this were mine, I would work hard and these shelves would be full of food. But it's all the government's."

Felix seems to draw encouragement from two pictures of Sylvester Stallone and Arnold Schwarzenegger taped inside a display case. "That's hard work!" he says in admiration. The tattoo on his arm, which reads, in English, "In God We Trust," alludes to a less earthy source of inspiration.

"You can't look at any socialist country that works," Felix declares with authority. "We had our revolution 70 years ago, but there are not products. What do we work for?" Felix asks. "We just work for the heavens," he says, his arms pointing skyward.

Felix looks me straight in the eye and says, "If I had a guarantee of a job and could bring my family, I would leave without sorrow."

Andrew, a Leningrad pediatrician, sees that things have gone wrong in his country, but does not display the same sense of despair that Felix does. Over dinner at the Pizza Express he carefully explains problems in Soviet medicine. He discusses intellectual life and his reflections on America which he visited for the first time last summer. He says, "The Soviet economy is based on false premises—that collective ownership works." He regards private property as one of the keystones needed to rebuild Soviet society.

Andrew is the kind of person Gorbachev needs to make *perestoika* work. Young, idealistic, professional, and sympathetic to the free market as the road to a national renaissance, Andrew is a man who could inspire others to make the sacrifices and innovations necessary to craft for Soviet society the new engines it needs to function.

But Mikhail Gorbachev will have to do all of this without his help. Andrew and his family moved to America on Labor Day.

Deroy Murdock, a New York advertising executive and freelance writer, traveled to the Soviet Union in August 1989 on a trip organized by the World Media Association.

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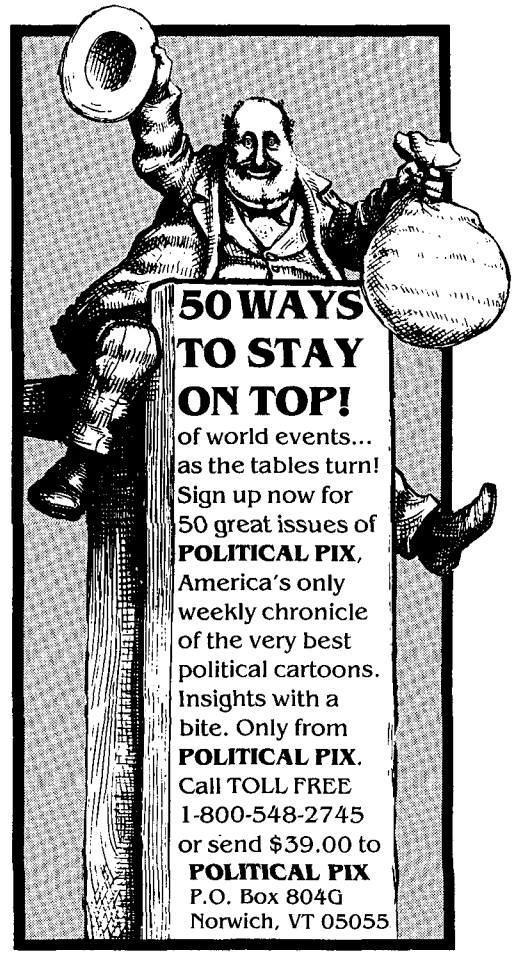
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WHO'S THE BOSS?

BY DAVID BRUDNOY

"I've never fired anybody," Al Neuharth says. "Oh, I've moved people around, to make the best use of their talents, and, sure, some have *quit* on me. But I've never fired anybody."

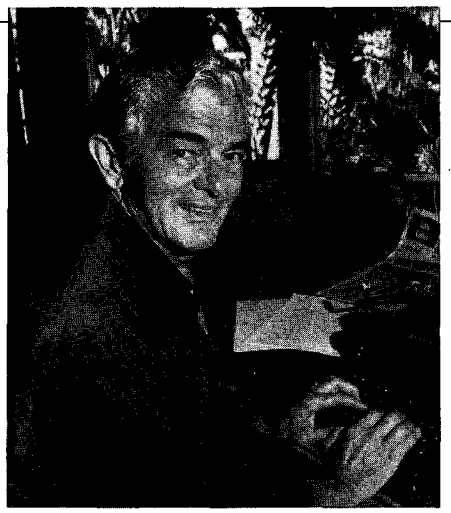
The self-avowed S.O.B. (but a lovable one, he hastens to add) joined Gannett in 1963 and retired as CEO on his 65th birthday in 1989. Neuharth might have asked the board of directors to waive the mandatory retirement age; successful CEOs usually do. Instead, he retired with five years of eligibility left, as he had said he would do when he first took over Gannett 15 years earlier.

He left behind one of the greatest successes in the history of either business or journalism. Gannett grew from a relatively small, insignificant newspaper chain to a large media empire under Neuharth's stewardship. And its crown jewel, *USA Today*, is Neuharth's greatest creation.

These days, Neuharth is running the talk show and interview circuit, plugging his new book, *Confessions of an S.O.B.*, and defending the notion that "Only cream and S.O.B.s rise to the top." But that doesn't stop him from writing, "Living proof that nice guys can get to the top, too!" when he autographs my copy of his book.

Confessions is more than just Neuharth's own version of his life. His ex-wives and children each get chapters to tell their side of the Al Neuharth story. Lori Wilson, wife number two (1973-1982), writes: "Al Neuharth is a snake. He's cold-blooded. He's sneaky and slithers around and sheds his old skin as he grows....He's like a stalking animal. Once you're his target, professionally or personally, he'll do whatever it takes to get you. You might as well roll over and enjoy it....Al discards. He forgets you, writes you off as if you don't exist anymore. He never looks back. The past is history. He cares only about the future."

Loretta Neuharth, wife number one (1946-72), also damns Neuharth and praises him. And both get what no author ever gives those whom he's cast aside—an uncensored slot, ample in length, to air their grievances, unanswered by their former husband, in his own book. The S.O.B. plays fair.



Al Neuharth: irresistible, in person and in print

If marriage to Neuharth is a mixed blessing, what is it like to work for him? An old buddy of mine, for four years a star columnist at *USA Today*, laughed when I recounted Neuharth's straight-faced answer—yes—when I asked whether the staff, like the boss, goes first class. I also asked Neuharth whether any *USA Today* writers make $70,000 annually. Not all, of course, he said, but some. My pal harrumphed at that.

But clearly, Neuharth himself did go first class: a $17-million Gulfstream IV jet (equipped with typewriters, television sets, and a shower) to fly him wherever he went and limousines at every destination. When Neuharth left Gannett, he took a $5-million retirement bonus and a weekly column in *USA Today*. On his wrist, he wears a gold watch to make all others look like Swatches and on his finger, a jeweled ring that would shame the gaudiest pimp.

Living well suits Al Neuharth. He doesn't look a day over 50 as he sits hunched over my microphone, giving answers shorter than the typical *USA Today* paragraph. He has an I-dare-you smile on his face as he throws out his terse responses to my questions.

He is irresistible, in person and in print. "No-fun bosses make even good jobs dull," he emphasizes. Oh, the naysayers often thought their boss was crawling out on a limb. When Neuharth started *USA Today*, some pointed to it as proof of how crazy he was; there was no way to overcome all the obstacles facing the paper. Neuharth was indeed crazy.

Like a fox.

He is also high-spirited. He emphasizes having fun throughout his book. He never ever worries, he claims. Instead, he throws himself joyously into each new project. "When I'm involved in something, I want to touch it, hold it, massage it. When the boss puts his hands on something, everyone knows it's important." But when everything has been set up and things are running smoothly, "I step away and let others do the job." He used to drive his employees crazy, he says, being more hands-on than most bosses and then more hands-off.

He loves winning. A favorite biblical quotation is Psalms 72:9, "His enemies shall lick the dust." While his enemies licked dust, Neuharth marched to the top, "taking one smart step at a time. Managing, maneuvering, manipulating [my] way from one stepping stone to the next."

Who's in the way? Other S.O.B.s, of course. Some have what you want; others want what you have. Some can be stepped around gracefully; others must be stepped on. He liked best dealing with S.O.B.s who are likable and who enjoy the fight. But "when niceness alone doesn't work, a little nastiness must be applied. The right mix is the only sure way to the top."

Again, he quotes from the Bible (I Peter 5:8): "Be vigilant, because your adversary, the Devil, walketh about, seeking whom he may devour."

But *Confessions* isn't just the story of Neuharth's rise to the top. The boss who did more than any other in publishing to integrate his company's staff—Gannett has the highest percentage of minorities and women in executive and reporting positions of any media conglomerate—sees opportunity everywhere in the USA. (Not America, he would caution. America refers to both continents; the USA is our country.) But he also finds a lack of will to maximize those opportunities.

He bemoans the complacency that he sees all around him. "We've lost some of the drive that made the USA great," he tells me. "We need leadership in government, in business, in education, and we're not getting it. And our tax structure is becoming a disincentive to success. Oh, *I* don't mind paying higher taxes, which usually means I've been making more money, but there's a point where a lot of people just stop striving since the taxes more or less punish them for succeeding."

Sure, many people will dismiss *Confessions* as McEgo and bristle at his dismissals of various people, places, newspapers, and ideas. They will focus on advice such as "Eat only when you're hungry. Drink only when you're thirsty. Sleep only when you're tired. Screw only when you're horny." They'll say Neuharth probably whipped up the book on a slow weekend.

But these people miss the point of Neuharth's message. *Confessions* is a call for leadership. Neuharth urges each of us to accept no limit imposed on us by others. In short, he, like Ayn Rand, advocates a sort of enlightened selfishness. *Confessions of an S.O.B.* is a laugh a page, a gossipmonger's dream come true, but it is also a serious, sober call to arms. It's joyful, shrewd and uncompromising. It would be foolish to ignore the book or the man.

Contributing editor David Brudnoy is WBZ Radio's late-night talk host and a film critic for the Tab newspaper chain in Boston. He's trying hard to be a lovable S.O.B.

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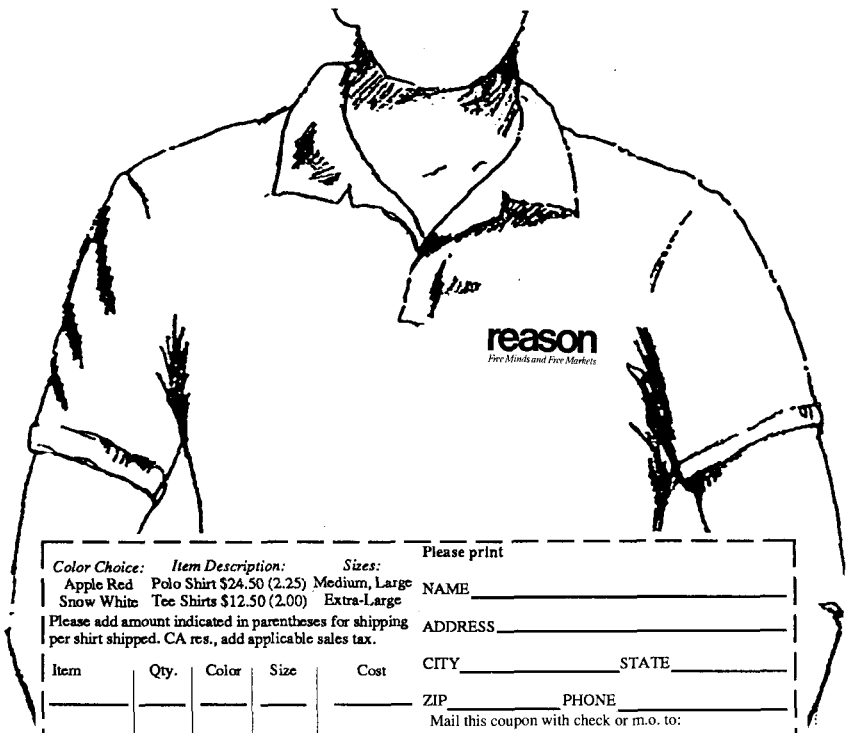

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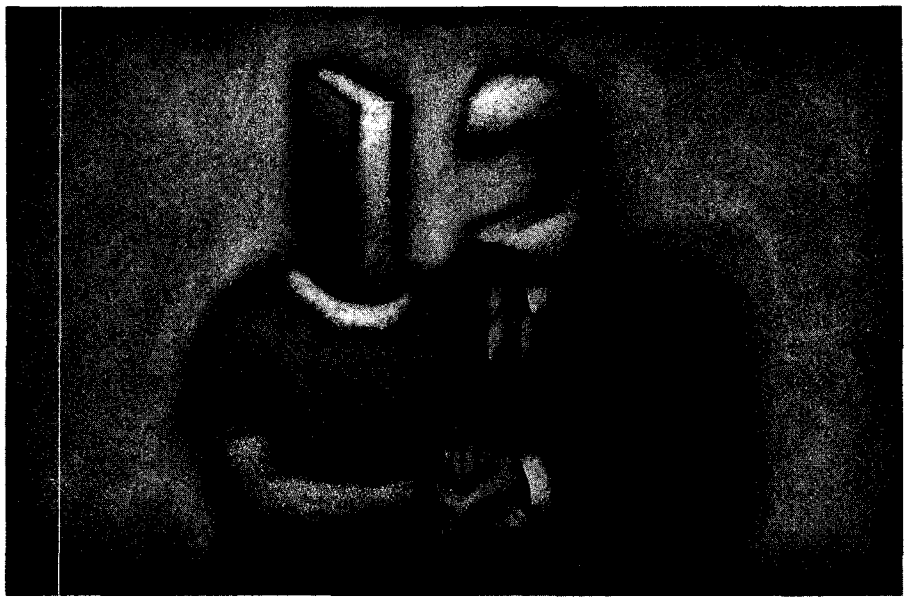
Theory Meets Practice

BY RICK MARIN

Nice Work, by David Lodge
New York: Viking, 277 pages, $18.95



In Britain, his name ranks high enough on the literary roll to have been shortlisted twice for the coveted Booker Prize. In the United States, David Lodge remains a well-kept secret. That should change with the publication of *Nice Work*, his eighth novel and the second (after 1984's *Small World*) of his Booker nominees. Widely reviewed and broadly praised since its publication here this summer—"a writer of profound funniness," said *The New Yorker*—*Nice Work* is the most accessible and resonant of recent Lodge books. It's also one of the fullest, fairest portraits of the place invariably referred to as "Thatcher's England" to emerge from that country's ritually disaffected contemporary fiction.

Lodge is an academic. He taught at the University of Birmingham from 1960 to 1987, holds the title of honorary professor of modern English literature there, and has published four books of criticism. His two best works of fiction to date, *Changing Places* (1975) and *Small World*, mocked with ingenious wit goings-on in the international ivory tower. *Nice Work* shares the same campus home base, a modern "plate-glass" university in the fictional Midlands city of Rummidge, and some familiar characters. But it ventures an important step beyond, into the soot and grime of that antique genre, the Industrial Novel.

Vic Wilcox runs a factory that turns molten metal into the internal organs of heavy machinery (gearbox casings, engine components, and the like). He's short, thick-set, and muscularly aggressive—Bob Hoskins, if you were casting a movie version. From working-class stock, he's now rich enough to drive a Jaguar. Middle age is wearing him down at home, with a wife gone to seed and kids he doesn't understand, but it energizes him at work, where he is indisputably in charge.

Robyn Penrose is everything Vic is not: highly educated, a feminist, tall. Robyn lectures in the English department of Rummidge's university. By order of a bureaucratic PR scheme linking industry and academe, she is appointed Vic Wilcox's "shadow." At first, both parties detest this unsolicited intrusion into their daily routines. At first. By Lodge's contrivance, their differences ultimately drive the two together. Robyn, a dedicated practitioner of all the newest techniques of poststructuralist literary surgery, specializes in women's studies and the 19th-century novel. She knows Dickens inside and out but has never been inside a factory. Her knowledge is all theory, virgin thoughts both repelled and excited when rubbed up against Vic's hard, sweaty industrial praxis.

To his immense surprise Vic finds himself unaccountably turned on by Robyn's feisty independence and virtuoso book learning. She teaches him the difference between metaphor and metonymy, and how to deconstruct a billboard cigarette ad. He shows her how to stare down a competitor. Their protracted courtship is a mutual education.

For us, too. Lodge has clearly done his research. Rummidge is an "imaginary city," he archly explains in a note at the beginning of the book, "which occupies, for the purposes of fiction, the space where Birmingham is to be found on maps of the so-called real world." He knows the town well and has taken pains to learn the smokestack side of it better. The tour Vic gives Robyn of his foundry is Dickensian in its detail, if not in attitude. For not only does Lodge (in Vic's voice and his own) argue that the factory workers aren't exploited, he makes the

TIM TEEBKEN

indiscreet assertion that they're actually suited to the job. Vic, for his part, takes pride in the tactile, tangible economy of his trade. "We *make* things," he says, during a tirade against London's paper financiers, "things that weren't there till we made 'em."

Readers not plugged in to the latest in lit crit will find themselves less clued out in *Nice Work* than in *Small World*, which is funny but not *as* funny to someone who hasn't read all the footnotes to "The Wasteland" or browsed through a recent issue of *Diacritics*. Lodge, the professor, is more conscientious about setting up his in-jokes this time out. The pointed prefatory and chapter-head quotations all come from the 19th-century novelists—Disraeli, Mrs. Gaskell, Charlotte Bronte—to whom this book is a wry 20th-century homage. Disraeli's *Sybil: or, The Two Nations* and Mrs. Gaskell's *North and South* explored the same fissures in British society, accidents of class and geography, that interest Lodge today. It would be unfair to give away *Nice Work*'s postmodern, self-referential twist, since the plot hangs on it. Suffice it to say that his fiction has a habit of mimicking the literature it describes.

None of which really gets across the book's biggest selling point, the reason it might be recommended by someone with no vested interest in French semiotic theory or the decline of heavy industry in Britain—its relentless use of humor. Full of jokes and cunning satire, Lodge's writing is so funny reviewers are forever championing the need to take him, in Anthony Burgess's words, "very seriously indeed." There are echoes of Evelyn Waugh and Kingsley Amis in Lodge's ear for social dialects—academic, posh, prole—and his talent for comic metaphor. (Not to mention his politics.) Robyn's intermittent boyfriend Charles, for instance, making fastidious love while "crouched studiously over her body, fingering it like a box of index cards."

Lodge, 54, is post–Amis's Young Man crowd, though some of his early books (like *Ginger You're Barmy*) affected an "angry" attitude. A major difference is that Vic Wilcox isn't as beleaguered by the modern world as an Amis antihero. He relishes the struggle.

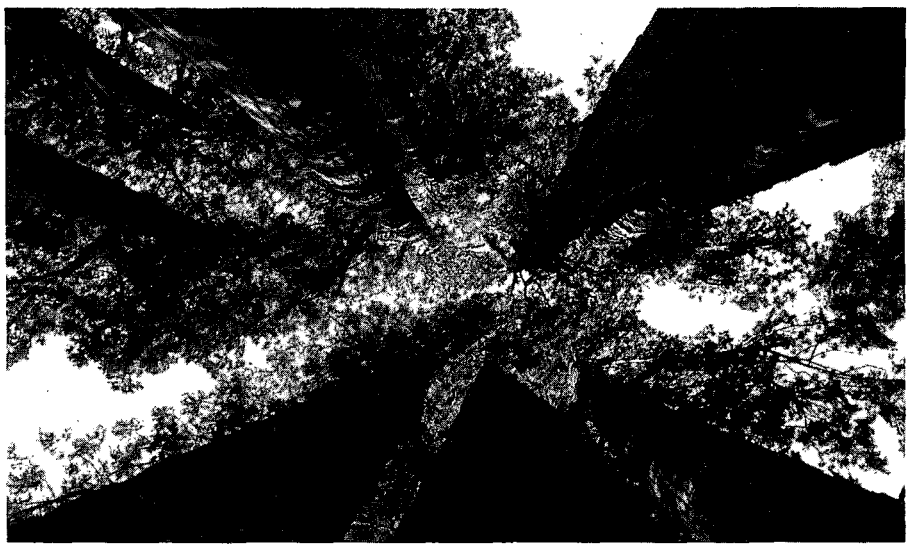
Robyn, and especially Vic, are intricately drawn characters, far more substantial than the fleet satirical sketches of Lodge's previous comedies. There's an irony here that isn't lost on the author. In an aside he notes that Robyn is, by virtue of her theoretical doctrine, "a character who, rather awkwardly for me, doesn't believe in the concept of a character." Neither should Lodge, whose clever-clever "metafiction" is all but eclipsed by this novel's old-fashioned realism and old-fashioned subject. Nice work it is, the best so far of a quietly brilliant career.

Rick Marin is television critic for the Washington Times.

Roots of Environmentalism

BY WILLIAM C. DENNIS

Ecology in the 20th Century: A History, by Anna Bramwell
New Haven, Conn.: Yale University Press, 292 pages, $40.00/$16.95



In Anna Bramwell's *Ecology in the 20th Century: A History* we may detect a new development in ecological writing. Here we have a fascinating account of the intellectual roots of modern political ecologism in Germany, England, and (to a lesser extent) North America. Though sympathetic with the ecological spirit, Bramwell is nevertheless fiercely critical of much of the history and current intellectual presumptions of the ecological movement. Some years ago, this reviewer wrote a little essay cataloguing the rather strange collection of people who had been early proponents of wilderness preservation in the United States, among whom were militarists, racists, scientific planners, urban elitists, proponents of the "masculine" virtues, and hunters seeking more game to slaughter. Little did he realize that a broader, more detailed look at the history of the development of the idea of ecology would produce an even more complex and sometimes bizarre collection of advocates.

Bramwell defines as her subject an ecological political consciousness based on the fusion of resource-scarcity economics and holistic theology that, she argues, began to develop in northern Europe in the mid-19th century. Though political ecology, or environmentalism, shares a common origin with the science of ecology, this book is a study of political thought and action, not a history of science. The intellectual strains of this movement were diverse indeed, including at one time or another Tories and other conservatives, communards, communists, anarchists, Georgists, advocates

of pan-Celtic mysticism, German and British nationalists of various stripes, and eventually a surprising number of outright Nazis.

These disparate groups shared an anticommercial, anticapitalist, antimaterialist, and antiurban vision of the good society and were profoundly moved by what they saw as the modern world's disruption of the harmony of nature. Though they had different, and often confusing and contradictory, answers to this modern dilemma, all agreed that sometime within the history of civilization natural man had begun to behave unnaturally, to go fundamentally wrong. Their holistic vision of the natural world allowed them to hold both to a pessimistic understanding of man's effect upon nature (based in part on the law of entropy) and an optimistic belief that nature's powerful vitalistic forces eventually would overturn the destructive work of mankind.

A brief review cannot do justice to the story Bramwell has to tell. Her thesis is a sophisticated and complex one. She shows that the ecological movement and the political Greens in some of their guises have much to offer the modern world. If humans regularly incorporate natural beauty into their own lives and act as good stewards of the natural world around them, surely they will be more likely to respect each other as persons as well.

But the real substance of this book comes in its critical appraisal of ecologist pretensions. Here Bramwell points to frequent lack of concern for the human condition; the hostility of the ecologists to the West and its institutions of political liberty, limited government, and private property; the inability of ecological communes to live according to their principles of self-sufficiency; a fanatical willingness to put individual judgment ahead of party or group allegiance in the name of holistic principles; and the misapplication of the idea of rights to animals and inanimate nature. Above all, Bramwell shows that there is something wrong with a movement that puts man outside of nature yet believes in natural harmony and the benevolence of spontaneous natural order; that ignores the dilemma posed by seeking "reform from below by action from above" and perpetuates the absurdity "that man is capable of benevolent interference in man" but not in nature. In these errors, the ecologists betray the best of their ecological principles, blinded by their hatred of the modern world.

Each group or ecological leader that Bramwell discusses brought some new, complicating perspective to the history of ecology. Some were progressives anticipating a postcapitalist era of peace, harmony, and material plenty. Others yearned for a return to a golden age of a simple rural existence or even to a revival of a heroic, neopagan, Germanic forest world. Still others were advocates of scientific land-use planning, economic redistributionism, and collective organization on behalf of the ecological whole. Among their varied interests and concerns were eugenics and population control; soil erosion and deforestation; the decline of the white races; the growing maldistribution of wealth; resource and energy exhaustion; the need to revitalize small communities; organic agriculture; craftsman skills; and the matriarchal organization of precivilization societies.

There is something wrong with a movement that puts man outside of nature yet believes in natural harmony and the benevolence of spontaneous natural order.

Among the spiritual or intellectual predecessors of today's environmentalists and political Greens, Bramwell includes such well-known figures as John Ruskin, William Morris, Ernst Haeckel (who created the word *oekologie*), Konrad Lorenz, Henry George, J.R.R. Tolkien, and E.F. Schumacher. But she also gives interesting sketches of the contributions of many lesser-known figures.

There was, for example, Hans Driesch, a vitalist follower of Haeckel and a philosophy professor at Heidelberg, who argued that some purposeful internal force was necessary to explain both organic life and inorganic objects. There was Johann von Thünen, one of the early developers of economic theory and modern geography, who used his scientific studies to develop a libertarian ecologism of agrarian reform. Another interesting figure was Henry Williamson, author of *Trka the Otter*, who in his 15-volume *Chronicles of Ancient Sunlight* wrote of the cause of decay of the typical London family and offered a prescription for reform based on rural revival and resettlement. And as final examples of this diverse list: Jorian Jenks, the agricultural expert of the British Union of Fascists, and Ludwig Klages, a German pacifist, nationalist ecologist, and organizer of Free German Youth.

Perhaps Bramwell's most controversial point is that there appears to be a geography of ecologism. Its origins and successes are predominantly in Protestant Northern Europe and Britain and its White Dominions. The same areas that first produced the great centers of world capitalism, industrialism, political individualism, and scientific rationalism have also been the home of those who wished to use the tools of science and the spirit of Protestant individualism to repair the damage to the natural world brought by the earlier triumphs of northern European civilization and to create or restore a more collective, mystical, earthy pantheistic religion of the future. Perhaps surprisingly, Bramwell makes no extensive attempt to explain the reasons for this geographical bias, except to note that it coincides with areas of middle-class, liberal Protestantism—a theme pursued throughout the book.

Bramwell acknowledges that intellectual history easily can slip into an encyclopedic listing of people and movements (as can reviews of such works). At times her own book experiences this problem. Also, Yale University

Press might have served her better. More careful editing could have eliminated some repetitious and disorganized writing. For example, in the span of 12 pages she writes: "tried to restore and reclaim a Norfolk farm," "restore a family farm," "restoring his farm," "restoration of a...farm," "restoring the land," and "restore his farm." Then again, authors do not always take kindly to editors' suggestions, so one does not know where the fault lies. But these are small defects in a generally fine study.

Toward the end of the book, Bramwell forcefully makes clear her own views on the history of political ecology. "I referred earlier to the ecologists' paradox, that living in a natural way is seen as better, more 'economical,' more enjoyable and more productive, while the way to this new life is to be planned for us by the very kind of scientific, or pseudo-scientific, mental attitude that inspires small boys to fiddle with watches and break them, and, of course, led to wasteful use of resources in the first place." She follows this with 15 excellent pages on the political economy of ecologism, concluding with:

"For today's ecologists, their hope of regeneration presupposes a return to primitivism, and thus, whether they wish to enunciate it or not, concomitant anarchy, the burning before the replanting, the cutting down of the dead tree. The father of the movement is an utter rejection of all that is, and for at least three millennia all that was."

This is a correct and salutary conclusion indeed. The strident excesses of the organized ecologists, together with their hatred for the accomplishments of mankind and their disdain for liberty, destroy for many of us who share their love of nature and wilderness the worthiness of their movement. A more thoughtful and critical appraisal of ecologism might help produce in the future a more sober, less extremist ecological movement to the advantage of us all. Bramwell's interesting, cautionary tale could be a start in this direction.

William C. Dennis is a program officer at Liberty Fund and an avid backpacker and mountaineer.

Addicted to Government?

BY WILLIAM TUCKER

New York Unbound, edited by Peter Salin
Cambridge, Mass.: Basil Blackwell, 218 pages, $19.95

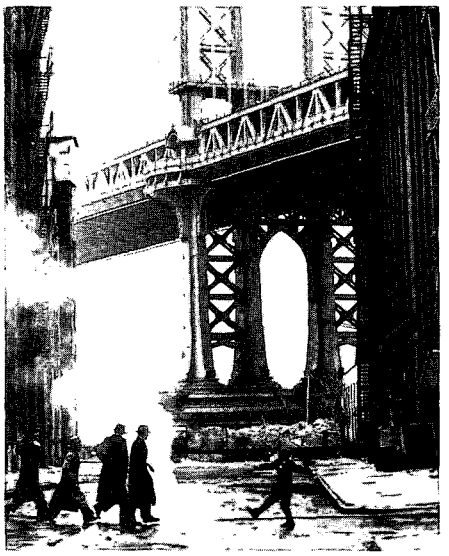
Like most people who live in and around New York City, the authors of *New York Unbound* are somewhat exasperated with the state of city life but deeply optimistic about its future. E.S. Savas, professor of management at Baruch College, probably says it best:

"New York is a paradox. It is exciting and vibrant, a mecca for immigrants seeking the American dream and an incubator of innovative entrepreneurs. At the same time, the quality of life for most New Yorkers is undeniably mediocre. Schools are failing, crime is commonplace, streets are filthy, transportation is a test of endurance, drug addiction is a curse, teenage pregnancy is rampant, public incivility and foul language are the norm, ugliness assails the senses, housing is in short supply, and derelicts line the streets."

In other words, New York provides both the best and worst of contemporary America. What encourages the contributors to this volume is the faint hope that the success of the Reagan Revolution, so visible beyond the shores of the Hudson, might somehow penetrate that mystical barrier that separates New York from the rest of the country.

The most encouraging and insightful essay is from Nathan Glazer. Like any good, honest fellow, Glazer is willing to admit he was wrong. Twenty years ago, he says, he predicted that blacks and Puerto Ricans would work their way out of poverty and into the middle class, the same way other ethnic groups before them had. Now he realizes he was mistaken. Far too many blacks and Puerto Ricans have become hopelessly enmeshed in the welfare system (Puerto Ricans even more than blacks, although few people realize it). They are not going anywhere—until someone reforms welfare itself.

However, Glazer notes, the corollary that nearly everyone is now drawing in



New York City: Life is brutish, but opportunities abound.

New York—that the new Asian, Caribbean, South American, and Middle Eastern immigrants who are flooding into the city will follow in the footsteps of blacks and Puerto Ricans—is also mistaken. The new immigrants are following the old path, resisting dependence on welfare. They work hard, save money, hold their families together, start their own businesses, put their children through school, stay off welfare. "In the United States, people are poor because they are lazy or want the government to take care of them," Glazer quotes one Dominican woman. "No one needs to be poor in the United States if they work hard." (Every Palestinian, Pakistani, and Liberian cab driver I meet tells me the same thing.)

Thus, blacks and Puerto Ricans will remain a special case. But they are not going to have much influence on those who come after them, according to Glazer. On the contrary, he says, there is likely to be considerable friction between blacks and the newcomers, as black hos-

tility toward Koreans already indicates.

Beyond this, however, the future of New York looks fairly bright. What ails the city is what ailed the country 10 years ago—too much government. New York's addiction to rent control, of course, is legendary. What is remarkable—as Harold M. Hochman points out—is the number of other areas where the city government also practices price fixing. New York now controls the prices of 16 different consumer items, while demanding licenses and permits for 600 to 700 different ways of making a living. Poland hardly does better.

In fact, there is very little wrong with New York that a good dose of privatization wouldn't cure. Jose A. Gomez-Ibañez makes an excellent case for deregulating bus transportation as a way of solving rush-hour traffic problems. Savas makes the familiar case for vouchers in the schools. Even Mark Willis, deputy commissioner for planning at the Department of Housing Preservation and Development, is ready to admit that government planning doesn't work—an admission that would probably cost him his job if anyone were willing to take it seriously.

On the other hand, there are some real clinkers in this volume. Paul Goldberger, architectural critic for the *New York Times*, seems to be here only as an example of what New York is up against. He wants people in New York to stop building all those tall buildings. Frank Macchiarola, former chancellor of the New York Board of Education, also puts on a muddled performance, hoping to solve New York's problems through "a system of care and commitment" and more "efficiency and responsiveness in government."

What you have to realize, though, is that, as far as New York is concerned, even assembling a quorum for a slim volume like this is quite an accomplishment. After all, New York is the place where people talk about "The City," not just as the municipal government, but as some kind of mystical entity capable of providing everything to everybody if only we feed it enough money and find the politicians who will run it right.

Another 20 years of Republican prosperity in the rest of the country may eventually awaken New Yorkers to the realization that something is going on out there. Until then, as Louis Winnick predicts: "New York will muddle through....Though [this] is neither a dazzlingly successful outcome nor a hopelessly failed one, New York is still likely to remain the nation's primary business and cultural center, a proving ground for the creative, and magnetic north on the compass of the world's immigrants."

That in itself is saying something.

William Tucker is a fellow at the Hoover Institution and author of The Excluded Americans: Homelessness and Housing Policy, *published by Regnery Gateway.*

Capitalism and Community

BY PAUL HEYNE

Free Persons and the Common Good,' by Michael Novak
Lanham, Md.: Madison Books, 233 pages, $17.95

Ever since his conversion in the 1970s from socialist to capitalist convictions, Michael Novak has been trying to persuade other Christians and especially fellow Roman Catholics to follow his lead. His latest contribution to this project attempts to remove a major obstacle: the belief that capitalism is excessively individualistic.

The moral critics of capitalism typically argue that the system abandons the public interest, the common good, and the welfare of the community to self-interest, private goods, and the wealth of individuals. They cannot approve of a social system that seems to reduce the common good to a mere unintended by-product of selfish individualism. Novak tries to show in his latest book that classical liberalism, the system of social thought in which capitalism is embedded, contains a realistic and defensible conception of the common good to go along with its respect for individual rights and personal freedom.

That isn't quite how Novak himself describes the book. He presents it as an attempt to interweave or marry two traditions: classical liberalism and the concept of the common good as developed largely by Catholic thinkers. But the latter tradition emerges looking rather vague, incoherent, and even inconsistent.

Novak is not necessarily to blame. Catholic thinkers have apparently been making little use in recent years of the concept of the common good. And when they have used it, writes Novak, they have frequently disagreed about the meaning of the term or made significant mistakes in discussing it. So Novak must refurbish the concept of the common good before he can blend it with the ideas of liberal thinkers. The task is a daunting one. The reader learns that "the common good has frequently been invoked as a justification for almost any and every internal ordering of society" and that the concept is "not simple" or "univocal" but rather "very rich and subtle" and therefore to "be used with care." The appendix even includes "a map of the usages of 'common good'" that Novak adapts for his own purposes "at the risk," he anxiously admits, "of taxing the reader beyond endurance."

Michael Novak: opening up dialogue with the theological despisers of classical liberalism

The reader's endurance will not be strengthened by the growing suspicion that Catholic and other Christian thinkers working in this tradition have in fact made no contributions of genuine importance to the development of liberal democracy. Though Lord Acton considered Aquinas to be "the first Whig," his followers have by and large not followed up on those elements of his political thought that appealed to Lord Acton. What can we really expect to learn about freedom from a tradition that, as Novak admits, "did not arrive formally at the full recognition of the socially effective principle of religious liberty until the Second Vatican Council (1962-65)"?

Novak writes: "What in recent centuries we have come to call 'human rights' have in Jewish and Christian vision a short, direct justification"; but he goes on to admit that "the political relevance of these conceptions took centuries of bloodshed and effort to emerge" and that "this struggle was often best advanced by nonbelievers, often in the teeth of opposition from Christian princes and prelates." He adds: "The lines of history twist and turn, even when the lines of intellectual implication are straight." The quantity of twisting and turning displayed in the history of Christendom might prompt a skeptic to suspect that the lines of intellectual implication are largely imaginary.

Novak credits Jacques Maritain (to whom the book is dedicated) with the observation that "the long centuries of Jewish and Christian teaching about the dignity of the human person, working like yeast in the dumb dough of history, sought completion in institutions worthy of that dignity." Later on he asserts that "the modern market system itself arises from impulses of the Jewish and Christian inheritance of the West, which instructed our forefathers that the dignity of every human being is beyond price."

Can this be true? How many Christian theologians or bishops entertained anything but contempt for the notion of human dignity prior to the democratic revolution of modern times?

How much can be gained by interweaving liberalism with religious traditions that can be interpreted in so many uncertain or conflicting ways, that have so consistently endorsed the ruling ideas of the prevailing culture, and whose principal representatives have shown, at least until very recently, almost no understanding of the ideas undergirding either the U.S. Constitution or what Adam Smith called "the obvious and simple system of natural liberty"?

Novak's exposition of liberalism sometimes suffers from his eagerness to blend it with the tradition of the common good. For example, he makes a cogent case for the claim that the American founding was an enterprise of classical liberals. To redeem them from the charge of excessive individualism, he argues that their basic unit of analysis was not the individual but the community that secures the rights of individuals. This argument falls apart, however, when he supports it by reference to the Mayflower Compact and the writings of John Winthrop, with his emphasis on the formation of a Christian state. The founding fathers—Madison, Hamilton, and the others who came together to hammer out the U.S. Constitution—were no longer able to presume the unity of church and state that was Winthrop's basic presupposition.

How many Christian theologians entertained anything but contempt for the notion of human dignity prior to the democratic revolution of modern times?

Another example is Novak's use of L.T. Hobhouse to show that "the English liberals, more than is commonly believed, were also explicit about the claims of the common good, the social order, and the public interest." The problem is that Hobhouse's 1911 *Liberalism* represents a substantial movement away from the tenets of classical liberalism toward the very different political philosophy that has taken over the name in this century, especially in North America.

Chapter Three, on "Order Unplanned," is the section of the book that most directly confronts the religious critics of capitalism. Novak suggests that those who insist we must "attend to" or "intend" or "aim" at the common good may have trapped themselves in some obsolete conceptions of Aristotle. Subsequent Catholic thought, he contends, developed the idea that the common good is a social order in which everyone participates rather than an objective that is consciously and purposefully pursued by those who are "in charge" of the society. The arguments in F.A. Hayek's *The Constitution of Liberty* and his *Law, Legislation and Liberty* are presented as a culmination of this development. Novak does find Hayek misleading at times, though, and calls for studies that would compare Hayek with Maritain and reinterpret Hayek's work in the light of Aristotle and Aquinas. Adam Smith is also invoked and "corrected," so that what Smith called the "interests" of the individual become the ethically less offensive "better judgment" of the individual.

To demonstrate liberalism's concern for the common good, Novak also makes extensive use of Ludwig von Mises's 1927 *Liberalismus* in its English translation by Ralph Raico, published in 1962 as *The Free and Prosperous Commonwealth* but now available with its former title restored as *Liberalism in the Classical Tradition.*

Novak characterizes his book as an "early foray" in which he has "been able to accomplish little more than to drive in stakes to mark where further work promises fruitfulness." Those of us Christians who deplore the arrogant ignorance so prominent in contemporary church pronouncements on economic questions wish him well. It takes persistence, skill, and courage to open up dialogue with the theological despisers of classical liberalism.

Paul Heyne is a senior lecturer in economics at the University of Washington, Seattle.

HOMELESSNESS: THE MOVIE

BY THOMAS W. HAZLETT

As health concerns and various probation agreements force the Hollywood illuminati to discard the cocaine habit, they have begun a frantic search for a new high. It appears thousands are finding solace in Cause Addiction. And the box office smash of the moment is clearly a tearjerker—*Families in the Streets: Affluent America's Greedy Legacy.*

The stars are lined up to snort a little of the magic. "Your girl can call my girl and set up the homeless thing. We'll take lunch and sketch it. You're beautiful, babe. Luv ya. Mean it."

The Homeless in Reagan's America. What a rush!

Still, the dramatic talents of airbrushed actor boys and girls can be put to serious use in this Nonsubstance Abuse. Susan Dey, who obviously studied statistics and demography with a rare dedication while on the set of the "Partridge Family," recently told CNN talk-show host Larry King that 3 million homeless people are a disgrace in a country with such vast wealth.

When Mr. King weakly suggested that other calculations of the problem place the figure considerably lower (two respected private research centers, the Urban Institute and the National Bureau of Economic Research, put the number at 450,000 to 600,000), Ms. Dey flashed very large, sullen eyes at the host. Appearing quite on the brink, she said, her voice virtually broken: "Of course there are 3 million. You can *see* them."

The overwhelmed Larry King fell silent before the devastating performance. Bravo! Encore! Here, here! (And hey, who are you gonna believe, the Urban Institute or Grace Van Owen, D.A.?)

Forget the fabrication of millions of homeless. Forget the fabrication that Reagan budget cuts are responsible. (Actual spending for low-income housing rose by 65 percent in real terms during the Reagan years; "budget authority" got cut 71 percent, but that is a meaningless projection. Outlays are what get spent.) Forget about the fact that if these megamillionaire actor-director-producer types wanted to share their 12,000-square-foot homes, Reagan's America is a perfect place in which to make such individualistic contributions.

Forget too, about America's housing marketplace, where greed-oriented, non-consciousness-raised couch potatoes produce about 1.7 million new residences each year. The Americano easily enjoys more housing square footage, of a higher quality, than his counterpart anywhere this side of Jupiter. By physical units, the U.S. housing machine cranks it out fast enough to house the likely homeless population in *one month.*

What is truly so simply mahvelous, darling, about Hollywood's new hallucinogen is that the only individual held in lower esteem by the glitzoids than a Reagan housing appointee is...a *developer.* Anyone even remotely versed in the politics of Beverly Hills, Brentwood, Bel Air, and Malibu is well aware that the one thing that can never be built in any of these communities is middle-income, high-density housing. (I purposely didn't even mention low-income housing in the same sentence with these communities to avoid legal liability for heart failure, should Martin Sheen's secretary read this to him.)

Three houses per acre? Six? Condos? *Apartments*!?!? That's going to just kill the environment, babe. If God, that crazy cat, had wanted us to build more than one house per five acres, he wouldn't have given us a Sierra Club.

If "Housing Now!" goes on the placard, one might wonder about Housing Then. These protesters are the "I've got mine, you can live in Riverside" crowd, who have so successfully shell shocked local councilmen and zoning boards into excluding affordable housing. This is an ugly California ethic that has taken root in nice neighborhoods coast to coast. Those who have studied this virulent social pathology for decades (well, perhaps not quite as tirelessly as Ms. Dey has pursued a statistical database) seem to be curiously absent, however, from the podium at homelessness rallies.

For example, MIT's esteemed urban planning professor Bernard Frieden. His classic 1979 study of six large housing projects in the San Francisco area revealed that, in every instance, upscale homeowners combined with professional environmental activists to impose large regulatory delays and huge legal fees on developers building several hundred to thousands of units of low- to middle-income housing. The "no-growthers" in San Francisco regularly agreed to compromise with developers when they downscaled their densities and promised to build much more expensive housing.

Or nationally recognized housing economist Anthony Downs, of the Brookings Institution. In his 1988 study, Downs explicitly tied the issue of local rent controls to the question of housing availability and homelessness, showing that such controls signal property owners that rental housing is a bad investment and that those who put their capital into it are buffoons. (The New York homeless might have gotten a chance to talk to him about the net loss of 11,000 rental units *annually* in that rent-controlled city.) I guess Frieden and Downs are busy doing housing research on all the major rally dates.

No matter. I'd rather hear what Cher has to say. And, oh, how she says it. Really. You can *see* them.

Contributing Editor Thomas W. Hazlett teaches economics and public policy at the University of California, Davis.

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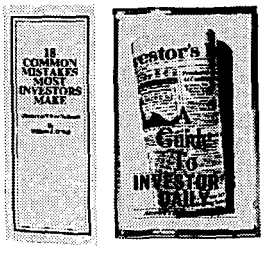

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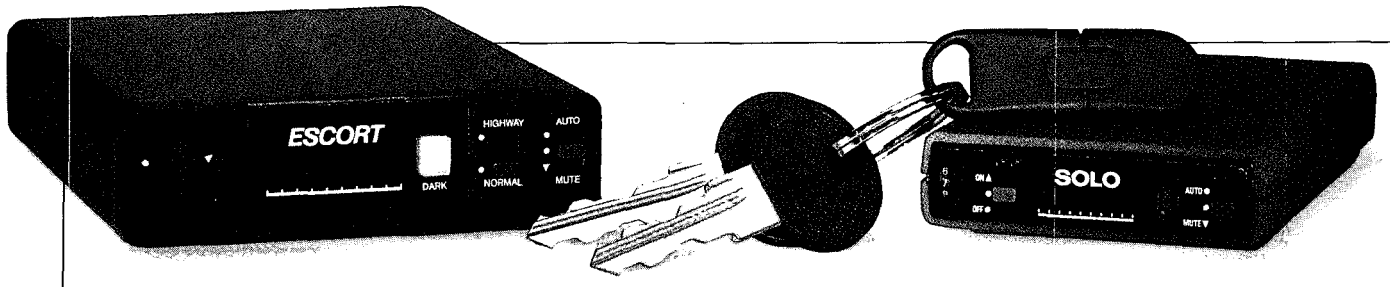

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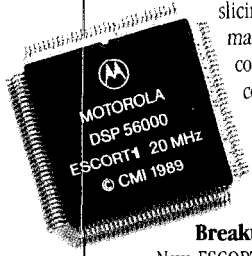

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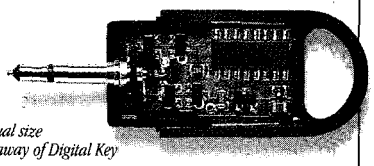

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Although nothing is totally "theft-proof," our new Digital Key security system will help keep your new ESCORT or SOLO yours.

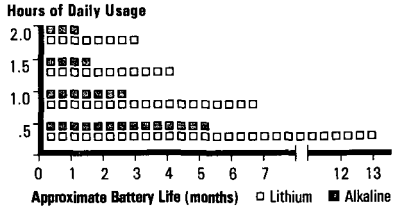
SOLO: A new kind of radar detector — No power cord

If you're a business traveler, always switching between cars and using rentals in distant cities, you need the most convenient radar detector possible. But radar detectors have always been less than ideal for traveling. Until now.

Revolutionary convenience

After two years of development, we're introducing SOLO, the first self-powered superheterodyne radar detector. You just mount it on your visor or windshield and turn it on. It's that simple.

SOLO doesn't need a power cord, recharger, or add-on battery pack. Its remarkable design uses only 2% of the power of a conventional radar detector. As a result, SOLO operates about 200 hours on a single 9 Volt lithium battery (or 80 hours on a standard alkaline).



Uncompromised performance

SOLO has the same long-range warning as our test-winning PASSPORT, in an even smaller package (about ⅜"H x 2¼"W, weighing only 5½ ounces). And unlike most battery-powered devices, SOLO maintains full performance over its full battery life.

New self-powered SOLO may be the first radar detector that's never too much trouble to use.

The right stuff

New ESCORT and SOLO have all of the advanced features we pioneered with ESCORT and PASSPORT. Variable rate audio, with different tones for X and K bands. Alert lamp, ten-segment meter, Dark mode, and a Mute switch with a new Auto-Mute function. A battery-saver even turns SOLO off if you forget.

Everything included

Both new ESCORT and SOLO come complete with leather case, visor clip, windshield mount, and comprehensive owner's manual. ESCORT includes power cords (straight, coiled, and direct wire), while SOLO includes both lithium and alkaline 9 volt batteries and a travel case.

Factory Direct

We only sell direct from our factory to you, and we guarantee your satisfaction. If you're not completely satisfied in 30 days, just return your purchase for a full refund. You can't lose.

The most advanced radar detectors in the world are only a toll-free call away. Call today.

ESCORT $295

Ohio residents add $17.70 sales tax

Prices slightly higher in Canada

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